S. Hrg. 100-405

FOREIGN RELATIONS AUTHORIZATION ACT

HEARINGS

BEFORE THE

COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE

ONE HUNDREDTH CONGRESS

FIRST SESSION

March 17, 19, 24, AND APRIL 30, 1987

Printed for the use of the Committee on Foreign Relations

U.S. GOVERNMENT PRINTING OFFICE
80-197 WASHINGTON : 1988

For sale by the Superintendent of Documents, Congressional Sales Office
U.S. Government Printing Office, Washington, DC 20402

S381-8

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FISCAL YEAR 1988 REQUEST FOR THE U.S. INFORMATION AGENCY AND BOARD FOR INTERNATIONAL BROADCASTING

MARCH 17, 1987

U.S. Senate,
Committee on Foreign Relations,
Washington, DC.

The committee met, pursuant to notice, at 10 a.m., in room SD-419, Dirksen Senate Office Building, Hon. Claiborne Pell (chairman of the committee) presiding.

Present: Senators Pell, Simon, Kassebaum, Pressler, Evans and McConnell.

The Chairman. The Committee on Foreign Relations will come to order.

I'm really glad indeed to welcome our witnesses for this morning's hearings on the administration's request for the USIA and for the Board for International Broadcasting, BIB.

We'll hear first from USIA Director Charles Wick. He's done an excellent job in leading his agency.

We'll then have a panel representing the BIB. And then, finally, we'll hear from two public witnesses on the USIA request.

We're approaching the markup on the administration authorization request in, as we all know, an environment of very severe budget crisis.

And the crisis, it should be added, is a direct result of administration policies to cut revenue while forcing massive increases in defense and foreign affairs spending. It is for us in the Congress now to deal with the problem so created.

While I believe strongly in the programs carried out by the specific agencies before us, it's highly unrealistic to talk about any significant increases in appropriations for the fiscal year 1988.

Indeed, the Budget Committee may well make cuts in the foreign affairs, the 150 account. If our committee is to influence allocations within the programs under our jurisdiction, and I believe we should have such influence, we have to live within the Budget Committee levels.

Our choices will be difficult. Each program must be evaluated against tough standards of cost effectiveness. Spending that can be deferred will likely have to be deferred, and this includes, alas, new construction.

In the case of USIA, I believe the highest priority must go to preservation of the overseas operations. There's no more effective tool for the promotion of American interests overseas than the professional diplomat, truly our first line of defense; truly cost effective.

We also must maintain the hard won gains made in the exchange programs since 1981.

No other program in the Federal Government does as much over the long term to promote American values and interests. If cuts must be made, they should be made at headquarters, and in programs of as yet unproven value, such as television, and not in overseas missions or in the exchange programs.

The United States needs a foreign policy machinery in which USIA and BIB are absolutely vital components, doing a fine job. And they are commensurate with our world role.

But first we're going to have to pay the bill, and that's going to be a real problem.

I would welcome Mr. Wick's views. Any formal statement will be inserted in the record as if read. Very glad to have you.

STATEMENT OF HON. CHARLES Z. WICK, DIRECTOR, U.S. INFORMATION AGENCY, ACCOMPANIED BY STANLEY SILVERMAN

Mr. Wick. Thank you, Mr. Chairman. Thanks for the kind words. I have a lengthy relevant statement that we will insert.

The Chairman. Without objection, that will be inserted in the record as if read.

Mr. Wick. If I may use just an abbreviated version of that, perhaps it might set a climate or frame of reference here, with your permission.

The Chairman. Fine.

Mr. Wick. I'm pleased to appear before you this morning to present the U.S. Information Agency's authorization request for fiscal years 1988 and 1989.

Our budget request for fiscal year 1988 totals $941.9 million, an increase of $94.9 million over enacted amounts and pending supplementals.

Some $84.9 million of the increase is for the Agency's basic programs. Of this amount, $77.2 million or 91 percent will be devoted to maintaining ongoing activities, including new retirement and pay costs, overseas cost increases, and the multiyear effort to modernize the Voice of America.

The balance of the basic program increase is requested to complete the worldwide network for the Agency's television program, WORLDNET, $6.7 million; and to enhance exchange programs, $1 million.

The remainder of the total increase, $10 million, is for the enhancement of the National Endowment for Democracy.

Even with these proposed increases, the Agency's operating budget will still be almost 6 percent below the 1967 level when expressed in constant dollars.

I believe this budget, viewed from this perspective, shows our clear understanding of the tight fiscal climate in which we must operate.

We have made drastic cuts to live within available resources, and we have worked creatively to do more with less.

USIA is accomplishing more in the mid-1980s than ever before with fewer people. Since 1981 USIA has played a revitalized role in the conduct of U.S. foreign policy. In 6 years we have implemented over 47 significant initiatives that reflect USIA's active participation in public diplomacy, and the Agency's entry into the electronic age.

Today, about 9,400 employees carry out these initiatives, in addition to USIA's traditional programs, a 25 percent decrease in staffing levels from 1967.

The ideals and goals of the Government and this society are now delivered immediately and accurately to larger audiences and to many more nations than in the years past. Given the state of the world today, with all its attendant dangers to free societies, I believe we need to ask, What is the appropriate level of support for our efforts to speak the truth to the world about America in a strong, clear, and vigorous voice.

It is not simply rhetoric to say that public diplomacy, where governments speak directly to the people, has come of age in recent years, and that it can only continue to grow as an integral part of the way we conduct our foreign affairs.

Evaluating the international scene over the past few years, the rise of the Solidarity movement in Poland, the downfall of Marcos and the election of Corazon Aquino in the Philippines, the end of a dictatorship in Haiti, we can see the convergence of three forces: One, the growing power of public opinion over governments; two, the developing recognition that freedom is a natural right of every human being; and three, the global information revolution brought about by a communications technology that can instantly spread ideas to every corner of the world.

The role of public diplomacy in shaping each of these forces is undeniable. Technological developments in international communication have brought a greater awareness of the global village nature of our world.

USIA is working to make use of these technological developments to carry out our mission.

One of the most exciting new dimensions of public diplomacy is our international satellite television network, Worldnet, which links Washington with more than 100 cities in over 80 countries on 5 continents.

Worldnet harnasses the power of satellite television technology to bring up to date news and information about America to millions around the world.

Twenty years ago a panel of public relations and political experts, headed by the great Edward Bernaise, said, "the activities of the U.S. Information Agency have remained in the horse and buggy stage in our jet age".

We have succeeded in shedding that image, and are moving into the future using the most advanced technology available.

In the past year, we have seen what has come to be called "glasnost" from the Soviet Union. We must wait to see whether this glasnost, this new openness from the Soviets, is a reality or merely a public relations strategy.

We know already that glasnost represents a new awareness on the part of the Soviet Union of the importance of world opinion and the need to use public diplomacy to influence that world public opinion.

Already the Soviets are taking a leaf out of our Worldnet and currently have started broadcasting 17 hours a day to Sweden by way of their Ghorizont satellite. Currently we're broadcasting 2 hours a day to Western Europe, and going to 4 hours a day in April.

The BBC is also analyzing the feasibility of, in and of itself, beginning Worldnet-type broadcasts; which they regard as the state of the art.

Without a strong and active U.S. Information Agency the peoples of the world will lose the opportunity to hear our side of the story and to make intelligent choices.

A weak overseas information program cutting back on our arsenal of influence is as dangerous as a weak defense posture.

A strong overseas information program is essential to our national security. The budget cuts in fiscal year 1987 have caused damaging reductions at the Voice of America, in overseas operations, exchanges, and in most other agency programs.

These reductions come at a time when the work of the Agency is more crucial than ever in the conduct of our foreign policy.

As a consequence of these budget cuts, the Voice of America reduced broadcasts by 130½ hours weekly, or 10 percent, in 8 languages, the largest single cut since the 1950's.

The Agency has closed 12 posts and centers abroad, including such key European centers as Antwerp and Trieste, and closed branch posts in Guayaquil, Ecuador, and Kano, Nigeria.

Exchange programs, particularly the international visitors and academic exchange programs, were reduced. Most program support for the overseas missions was also cut sharply.

For example, book programs were cut by over 19 percent; centerpiece exhibits by 38 percent; American speakers by 11 percent; and visual and performing arts by 10 percent.

And the Agency has reduced its employment rolls by a further 300 persons.

These budget cuts have come at the very time that a vigorous USIA is essential. They have come at a time when we must maintain our vital overseas offices and exchanges program; when we must complete the expansion of our international state of the art television satellite network, Worldnet, to the nations of the world; when we must continue to modernize the Voice of America's outdated transmitting facilities.

Even with this realization that the Agency needs to grow, we have scaled back our request in recognition of the many competing priorities and needs of this Nation.

But while we have made painful reductions and restrained our requests, we cannot continue to cut overseas personnel, to cut posts and positions overseas, delay modernization efforts, cut participants in our exchange programs, and yet preserve an active public diplomacy effort for the United States.

As indicated earlier, we are requesting $941.9 million for fiscal year 1988, an increase of $94.9 million over enacted and pending 1987 supplementals. Most of this increase is required to maintain the Agency's program at the reduced levels that were established in 1987, and to continue the modernization of the Voice of America's technical facilities.

Specifically, the increase will provide $18.7 million for added costs for the new Federal retirement system; the January, 1987 Federal pay raise; and related costs: $24 million to continue ongoing projects necessary to modernize and replace the Voice of America's antiquated transmitting facilities; $35.1 million to meet overseas wage and price increases; annualization of 1987 Worldnet expansion; and other built-in requirements; $7.7 million to complete the agencies dramatically effective international television satellite program, Worldnet, $6.7 million; and to enhance exchange programs with South Africa, $.6 million; and to improve the support infrastructure for the international visitors exchange programs, $400,000; and $9.4 million to expand programs for the National Endowment for Democracy.

For fiscal year 1989 we are seeking a total of one billion seventy million one hundred thousand dollars, an increase of $128.2 million over the amount requested for 1988. This amount is required to meet inflationary cost increases and other built-in changes necessary to maintain the proposed 1988 program level throughout fiscal year 1989 at $38.2 million, and to continue the modernization and expansion of the Voice of America's transmitting facilities, principally ongoing projects in Morocco, Sri Lanka, Thailand, and Botswana for $90 million.

The security of this country is inextricably tied to our public diplomacy efforts. When we at USIA do our work well, when countries around the world come to have a better understanding of America's policies, then it follows that the chances for conflict are lessened.

For example, both before and during the deployment of the Pershing and Cruise missiles in Western Europe, amidst a torrent of Soviet disinformation, USIA played a crucial role in explaining to Western European audiences that the missiles would preserve the peace and deter war.

The question of the health and continuity of the NATO alliance is played out everyday in the public arena. It is in this arena where, if America is to succeed, our public diplomacy must succeed.

It is far more cost effective to fight a campaign of words than a campaign of war.

Mr. Chairman and members of the committee, I believe that public diplomacy is a key investment in the relations of this country with other countries in the world. We cannot afford to let other countries remain ignorant of America's peaceful aspirations and motives, nor can we allow Americans to remain isolated from the concerns of other countries.

To do so would be to leave ourselves singularly ill-equipped to deal with the present and ill-prepared for the future.

I would like at this time to take a few minutes to show a short tape presentation which I believe demonstrates USIA at work in the context of America's public diplomacy needs.

You have seen it, Mr. Chairman. I don't know about the other three members.

The CHAIRMAN. You're quite correct. I've seen it. But how many of you would like to see the visual presentation?

Mr. WICK. It runs 10 minutes.

The CHAIRMAN. Those who want to see it, hold up your hands. One hand.

Senator SIMON. I have no objection to seeing it.

The CHAIRMAN. This is the same thing, isn't it?

Mr. WICK. It's quite different. It gives you the emotional and graphic illustration. I've cut this down deliberately to accommodate the 10 minutes, but we'll do whatever you say.

The CHAIRMAN. Let's go ahead and show it.

Mr. WICK. Thank you, Senator.

The CHAIRMAN. Thank you very much for letting us have the opportunity to see this.

I have a couple of questions. We have a 10-minute rule, so I'll make them as brief as possible, and again, I want to emphasize the respect I have for the job you've done and the leadership you've given the USIA.

We may differ sometimes in approaches and details, but there's no question you've done a fine job.

Mr. WICK. Thank you.

The CHAIRMAN. Now, just going to this movie for a moment, as I understand it, this is designed to help your presentation to Congress. What did that movie itself cost?

Mr. WICK. It was made right in-house under our regular USIA budget. We have the people there and the tape, and I can get you the exact cost, but I think it would be within the purview of what we do with our regular service.

The CHAIRMAN. I would appreciate it for the record if you would let us know the pro rata cost.

Mr. WICK. Sure.

[The information referred to follows:]

BUDGET TAPE COSTS

The direct production costs for the budget tape totalled $1,915. Indirect production costs totalled $6,629, including $4,500 for a prorated cost of suing a VTR machine owned by the Agency.

The CHAIRMAN. Second, what is the ratio of your employees at home to those abroad, and is that ratio going up or down?

Mr. WICK. In 1987, we had domestically 4,237 Americans here; 1,040 overseas; plus we had 3,908 foreign nationals.

The CHAIRMAN. Excuse me, I'm not so interested in foreign nationals, because they obviously are mostly overseas. But the American employees.

And then how does that compare with previously?

Mr. WICK. Well, in 1979, domestic first, overseas second, it was 3,398 against 1,042; 1980, 3,441 against 1,043; 1981, 3,395 against 998.

The CHAIRMAN. Good. The statistics make the point that the number of employees at home is increasingly proportional to those overseas. And it would seem to me that that should flow in reverse.

Mr. WICK. I would say—we can give you the definitive figures—I would say there's a very modest increase. But essentially I would believe the increase in VOA employment accounts for most of the growth.

The CHAIRMAN. I don't think it's too modest, as I just took the figures down.—10 years ago, it was 3,300—3,400 at home, 1,042 abroad.—10 years later, it's 4,200 at home, and exactly the same number abroad.

Mr. WICK. Almost three-fourths of the increase in the domestic staff represent VOA increases. The VOA budget has expanded by over $50 million in conjunction with the modernization program and other program enhancements.

The CHAIRMAN. First, I would like to see the figures at half and half. I believe if you go way back into the history of your Agency, you will find that that is the case.

Mr. WICK. Well, sir, I think it would depend on the function. You might not disagree with the ratio if you could see how the function and the manpower relate.

Functions have changed somewhat.

The CHAIRMAN. At any rate, I would appreciate those figures when you have them.

Mr. WICK. There has been a special effort lately to cut it further.

[The information referred to appears in the appendix.]

UNITED STATES INFORMATION AGENCY,
Washington, DC, April 17, 1987.

DEAR MR. CHAIRMAN: Thank you again for the opportunity to testify before the Committee on Foreign Relations last month. I greatly appreciate your cordial reception, keen interest, and support that you always provide the Agency.

During the hearing we discussed changes in the composition of the Agency's employment over the last 10 to 20 years. We are providing information in the record of the hearings, but I wanted to be sure you received the data directly.

From 1967 through 1987, the Agency's basic operating American staff, funded under the Salaries and Expenses appropriation, has declined by 145 positions. Overseas Americans represented 32% of our American staff in 1967. Of course, at that time we had significant representation in Vietnam and Laos that has been closed out. At present, our overseas complement represents 20%

As these data imply, overseas staffing has been the subject of particular attention during this period. Primarily as a result of four separate Executive branch efforts to reduce the American presence abroad, to lower the U.S. balance of payments deficit, to cut overseas costs in general and, most recently, to recognize the problem of security for Americans abroad, our overseas staffing was reduced from 1,716 in 1967 to 1,040 this year. Most of that overall reduction was accomplished between 1967 and 1979. Since 1979, while the overall level has remained constant, we have had to reduce the staffing at our USIS operations, while increasing VOA overseas positions to carry out the modernization of VOA facilities and programming through the assignment of more engineers and correspondents.

Domestically, Agency positions have increased from 3,706 in 1967 to 4,237 in 1987. A level of 3,398 was research in 1979. Again increases in VOA—to carry out the Congrssionally-supported efforts, to modernize VOA's facilities and enhance its broadcast programs—account for most of the change. Since 1967, VOA's domestic staffing has increased by 665, most in the last five years. Other major domestic changes include an increase to capitalize on the development of television (81) and cuts in our press and publications (−101) and exhibits (−43) staffing.

I fully appreciate how important our Foreign Service Officers are to the success of USIA's mission. They are the most critical element of our operations. They are critical because they operate essential overseas programs. But the number of officers or posts is not an adequate measure of those programs—which also require flexible field resources and Washington support. That must be our goal and our measure: effective overseas programs.

Because of overall resource constraints, the balance of payments situation, and security considerations, which have altered our operations in recent years, we cannot maintain the staff abroad that we would like. We must also recognize the technological changes that affect the way our audiences receive information and the way we conduct our business. In the industrialized world, improvements in communications and transportation make it possible for us to operate effectively with fewer posts and officers than we had 20 years ago.

As much as I would like to, I do not believe that the present budget environment will enable us to return to overseas programming that is staff intensive. We must strive to keep the officers we still have in place and to utilize available technology to convey America's message in the most effective manner possible. We need your help to secure the resources that will be required to accomplish this goal. Unfortunately, Senate Budget Committee action is far from auspicious. We hope that the Committee on Foreign Relations can repair the gravely threatening damage of their recommendation.

With warmest regards.

Sincerely,

CHARLES Z. WICK,
Director.

Mr. SILVERMAN. The overseas staff, Mr. Chairman, has been reduced because of security considerations, and other efforts to reduce the budget on an across-the-board basis, USIA, State Department, AID.

And we had reached 1,103 abroad in 1985, and it's necessarily been reduced since then.

The CHAIRMAN. I won't pursue this. It's just, I think the figures can speak for themselves—3,400 in 1979, 4,200 in 1987 at home; same number abroad.

Another question: If the budget resolution mark required a 10 percent cut in the USIA programs, would you be able to recommend—how would you take those cuts, if you had to?

Mr. WICK. Very badly.

The CHAIRMAN. I'm sure of that, and we'll do our best to help you not. But if you had to do it, how would you take them?

Mr. WICK. Ten percent. Well, our lowest priority or marginal programming was eliminated in the budget cuts for 1987. We are currently at a core level of operation.

Cuts of this magnitude would affect all aspects of Agency operations, not just low-priority programs."

As indicated, before most of the requested increase for the 1987 enacted level would be used to meet unavoidable increases in the costs of doing business, and to continue the next phases of the ongoing VOA modernization projects.

A cut of 10 percent below the 1987 enacted level translates to a reduction of $195,532,000 or 21 percent from our 1988 request.

Our internal contingency planning process has not reviewed the Agency's 1988 resource situation with this kind of drastic reduction in mind.

However, we can assure you that the results would be catastrophic, especially on top of the cuts we have already experienced in 1987, and of course would provide you with——

The CHAIRMAN. Excuse me, we have very little time. You haven't answered the question: Where would you take the cuts?

Mr. WICK.VOA broadcast hours would be severely curtailed, and some language services would be eliminated completely.

The VOA modernization effort would be stopped for 1988, and this drastic step would be necessary to preserve some program base for VOA and the agency.

The Nation's best-known international academic exchange program, the Fulbright Program, would be cut to a degree that would seriously undermine the international confidence in America's commitment to the program.

Even more posts abroad would be cut, somewhere between 20 and 25.

The Agency would experience a major reduction in force. The overall effect of this cut would be to cripple our public diplomacy effort abroad. After two decades of erosion in USIA's budget and staff resources, we had begun a long overdue investment in public diplomacy.

This action would totally negate that investment, and during a period that we can ill afford.

The Soviet Union, may I remind you, whether due to a genuine reform or a desire to seduce audiences in Western Europe and elsewhere, is changing its style and message.

Crude stonewalling, inept spokesmen, and heavyhanded propaganda, are giving way to a disarming candor, Western public relations techniques, and stepped up activities around the globe.

The CHAIRMAN. Excuse me, this is a rather long answer. I have a few moments.

As I understand it, you'd cut the VOA and the exchange programs would take the burden of it; is that correct?

Mr. WICK. Yes, and there would be others.

The CHAIRMAN. Right.

Mr. WICK. We'd have to cut everything. We'd just have to look at every element that's left.

The CHAIRMAN. Does your own budget submission meet the terms of my amendment, the Pell amendment, requiring that funding for the exchange of persons programs be double the fiscal year 1982 level?

Mr. WICK. Well, I think up until now, as we discussed, we were up to around 91 percent prior to some of these cuts.

Mr. SILVERMAN. The 1987 level, after the cuts, were 91½ percent.

In the 1988 estimate would get you to about 95 percent.

The CHAIRMAN. That would be 95 percent of the doubling?

Mr. SILVERMAN. Yes, sir. We had requested enough to double, but the resource decisions didn't permit that level for the total budget of the agency.

The CHAIRMAN. The 1983 congressional legislation enacted the International Environment Protection Act, which provided for environmental exchanges.

What's the level of financing of that program?

Mr. WICK. I'll refer to Mark Blitz, who's our director of education, cultural activities.

The CHAIRMAN. Identify yourself.

Mr. BLITZ. Mark Blitz, Associate Director of USIA.

That Act required that 5 percent of the increased budget be spent on environmental exchanges, and it was. And where we are now is to keep the same level of activity in environmental exchanges, even though we are no longer under an obligation and don't have any increases in the exchange budget. In fact, we had a slight decrease in our budget coming into this year.

We have done a number of interesting programs, including two international visitor programs in environmental and biological diversity areas and a series of individual grants through our scholar and research program.

So, I would say in general that where we are now is to have the same level of activity that we were able to build up to through the increase in the programs.

The CHAIRMAN. Thank you, my time's expired.

Senator Kassebaum.

Senator KASSEBAUM. Thank you, Mr. Chairman. I'd like to first ask about the National Endowment. I was a critic at one time of the National Endowment for Democracy. I'd just like to say that I think it has done an exceptionally fine job in many areas.

It is the fastest growing portion, I believe, of the USIA budget. An increase of about 67 percent for 1988, is that right?

Mr. WICK. $10 million; I guess it would be.

Senator KASSEBAUM. I just wondered, being a member of the Budget Committee, and having to look at ways to meet the Gramm-Rudman-Hollings deficit level, why this particular program is requiring that large an increase, in the light of everything. It think it's only $25 million, which doesn't seem much in an additional increase.

But can you justify that large a jump at this time?

Mr. WICK. Well, I'd like to suggest that the NED Program is in our budget, but it is not administered by USIA. It's a passthrough, although we do monitor it.

The sum is arrived at by the OMB in consultation with various other agencies of our Government—the Office of Management and Budget, the National Security Council, the State Department, and other executive branch agencies.

Our initial OMB request contained $32.6 million for the National Endowment. Karl Gershman, the head of the National Endowment, is here. Perhaps you might like to get his views.

Senator KASSEBAUM. I don't know if anyone else has an interest. I think it is a very important part of the work that you do, and I think it has done a very fine job. And it might be of some interest to others to hear exactly why that increase.

If no one else has an interest, I don't.

Mr. WICK. The fact is that they have done a very good job in the area of the battle of ideas. Therefore, as I say, in consultation with these State Department, National Security Council, and other executive branch agencies, the Administration felt that this should be given a priority.

Senator KASSEBAUM. Well, let's see how much time we have left, because I'd like to get another question in before my time would expire.

And that's on the audience that VOA has. I have never listened abroad, so I'm not very good at analyzing, but I have talked to those who have listened, and who say they much prefer to listen to BBC.

Now, I really think it's probably very unfair to make a comparison, because they serve two different types of function, I would gather.

But have you given any thought in broadcasting format for USIA to be perhaps a little more definitive in news rather than in a folksy-type of approach to programming?

How do you evolve the programming format for VOA?

Mr. **Wick**. Well, Senator, I think very few people who listen to VOA would characterize it as folksy.

[The information referred to follows:]

VOA AND BBC AUDIENCE SIZES

Question. How do audience sizes for both the VOA and the BBC compare?

Answer. VOA's current worldwide audience size estimate is 130 million, and BBC's latest estimate, from 1985, is for 120 million. However, it is not possible to provide a careful, statistically valid comparison of both VOA and BBC listening audiences on a worldwide basis. First, BBC has not published its audience size information since 1985. Second, VOA must use a variety of measures to determine audience size, and it is not valid to compare figures derived through varying methods. We do not know the methods followed by BBC researchers. Third, VOA's figures were derived through studies over a 12-year period, with ¾ of the studies being performed within the last 5 years. We do not know the timing of BBC research. Fourth, some listenership studies are performed on a national basis, while some are conducted in one or more urban areas.

Senator **Kassebaum**. Well, I just heard someone say, it sounded "Good Morning, America" one day.

Mr. **Wick**. Yes. We've heard some other people say things, too. And we hear from them all the time. We got 522,000 letters last year from VOA listeners around the world.

Anatole Scharansky has cited the fact that VOA broadcasts were fundamental to maintaining hope for him.

Andrei Sakharov has stated some superlative things about VOA broadcasting. So, we would be very happy to provide you, in view of the fact that you don't——

Senator **Kassebaum**. Well, I just didn't know if you did in-country analysis. For example, in Indonesia, where I believe there was a sampling that showed that more listened to Radio Australia, about 5 percent; and about 1 percent listened to VOA.

And I didn't know if you ever did some sort of in-depth analysis, in country, vis-a-vis these programs and what people do like to listen to.

Mr. **Wick**. We do indeed do those. And specifically, with Indonesia, we will provide you with the recent communication we received from Paul Wolfowitz, the American Ambassador to Indonesia, stating the important job and how well received Voice of America is in Indonesia.

[The information referred to follows:]

WOLFOWITZ COMMENTS ON VOA BROADCASTS IN INDONESIA

Question. Wolfowitz letter regarding VOA broadcasting in Indonesia (Senator Kassebaum).

Answer. Ambassador Wolfowitz called on USIA Director Charles Wick on February 4, 1987, and in the course of the converstion made some observations about VOA's impact in Indonesia: "Audience response to the Indonesian servive of the VOA was among the world's highest."

[Telegram]

*From American Embassy, Jakarta,
to USIA Washington, DC.
For Director Wick from Ambassador Wolfowitz,
Subject: The Voice of America in Indonesia

In this nation of nearly 14,000 islands, spread 3,000 miles along the equator, radio has been and will continue to be a most important means of communication. From the 2,000 letters that are received monthly from VOA listeners in Indonesia it would appear that we have evidence of both quantity and quality in so far as our audience is concerned. I am particularly impressed with the geographic distribution of this mail: large quantities come from Sulawesi, Kalimantan and many of the smaller and more remote islands where America's message can often only be heard by radio, i.e., by VOA.

Senator **KASSEBAUM**. Do you have any real information on how Radio Australia handles their coverage of U.S. news?

Mr. **WICK**. We have people from the Voice of America who can respond to that. But I can assure you that VOA has a very fine reputation.

Senator **KASSEBAUM**. Well, I know it does. And I don't mean to—I'm not in any way questioning that. It just helps us sometimes if we have some analysis——

Mr. **WICK**. We'll be happy to supply you with an analysis of how Radio Australia operates in Indonesia insofar as news and anything else is concerned.

[The information referred to follows;]

RADIO AUSTRALIA IN INDONESIA

Question. Analysis of how Radio Australia operates in Indonesia, with specific reference to how it portrays the news about the United States (Senator Kassebaum).

Answer. Radio Australia is on the air in the Indonesian language 8 hours a day—4 hours in the morning and another 4 in the early evening. The morning broadcasts begin at 4 a.m. Jakarta time (5 a.m. in Central Indonesia and 6 a.m. in New Guinea) and run straight through to 8 a.m. News is read on the hour. The evening broadcasts begin at 4 p.m. Jakarta time. The first 2-hour block ends at 9:30 p.m. The second 2-hour block begins at 7:30 p.m. and ends at 9:30 p.m. News is read at 4 p.m. and 8:30 p.m. There is a current affairs show beginning at 7:45 daily after the evening news.

English language broadcasts are beamed toward Southeast Asia and the South Pacific 20 hours and 40 minutes daily. World news is read every odd hour and then summarized every even hour. News specifically about Australia is broadcast every 2 hours.

Local broadcasts on medium wave from Darwin can also reach into the Indonesia archipelago in varying degree, depending on reception factors at any given time.

Radio Australia's news and current affairs programs emphasize what the editors believe is significant from an Australian perspective. There is neither more nor less attention paid to the United States than one would expect from a country looking at the world from its own point of view. If anything, when Radio Australia does mention the United States, it tends to select those aspects at variance with Australian values and policies, i.e., divergence of views on nuclear policies, trade disputes, comparative crime rates, etc. The other features are almost all "Australiana," or stories about how Australian people and ideas are faring (successfully). Essentially, Radio Australia talks predominantly about Australia. The United States only comes up in the context of how Australia sees the rest of the world.

Senator **KASSEBAUM**. Thank you, Mr. Chairman.

The **CHAIRMAN**. Senator Simon.

Senator **SIMON**. Thank you. First, I want to commend Mr. Wick, who has really taken hold and moved ahead. And I think that is great.

I'm very much interested, as you know, in the whole exchange program. I read in your statement, you say exchange programs were reduced. I'm looking at the budget, at least the figures my staff has compiled.

Educational, cultural exchanges, it shows for fiscal year 1986, $134 million—maybe Mr. Silverman will want to answer on this; fiscal year 1987, $145 million; fiscal year 1988, $152 million.

Are those figures correct?

Mr. **SILVERMAN**. Yes, sir. In 1986 it was $134.5 million, Senator. The other figures are correct.

Senator Simon: Yes. But when the statement says exchange programs were reduced, that is—they may have been reduced within certain categories, but overall, they were not reduced?

Mr. **Silverman**. The increase has continued. In 1987 we had asked for $166 million, Senator Simon, which would have achieved the doubling that the chairman alluded to. And that would have been reduced even more had not an increase been proposed and accepted on the floor of the Senate.

Senator **Simon**. Which I'm pleased was accepted, I hasten to add.

In the whole area of exchanges—incidentally, how would you justify, as I understand it, TV and film services are up about 45 percent in this budget. How would you justify the fairly flat exchange with a fairly significant increase in TV and film services?

Mr. **Wick**. Let me answer that. I think the percentage is misleading, because you start from a very small base. The Voice of America had its budget increased by around $50 million in the last 5 years.

Our development of Worldnet, as striking and novel as it seems, has taken advantage of the global communication trends. The successor generation in Western Europe and elsewhere principally gets its information from television.

The information and communications field alone, with the tremendous advances for every nation by the introduction of the microchip, satellite communications, et cetera, has revolutionized the way that we communicate with people.

And so, just as radio telephones have gone to satellites, and just as we used to have our radio wireless file subject to the vicissitudes of atmospheric conditions, we now go by satellite and computer to computer.

The technological improvements of doing our job are something that we have harnassed, I think with great results.

WORLDNET has utilized satellite technology enabling hundreds of millions of people on a cumulative basis to be exposed to our policies as expressed by our Secretary of Defense, Secretary of State, and others. A very large percentage of people from the private sector have also explained our policies to the various media under cross examination using radio, print, and television media. Harnessing this new technology has given us more exposure for American policies, which is the mission of USIA, in the first 6 months or so of Worldnet, which started November 3, 1983, than in the prior 30-year history.

We're getting much more bang for the buck in these restrained financial times, from this emerging technology, where instantaneously, almost everyone in the world can be reached.

The Soviets have sought to emulate what we're doing. Perhaps it's merely coincidental. But through their Ghorizont satellite they are broadcasting 17 hours a day to Sweden, and with plans we understand to expand.

The BBC has conducted a study, and has now OK'd one-half an hour a day to reach parts of the world by television.

The budget for USIA and the legislation that created recognizes that ideas, or the contest of ideas around the world, is important. It is important for U.S. ideas and values to be communicated to the world. This is done more effectively short range, and possibly long range, through television than through any other modality we have.

Thirty-two posts in Europe get Worldnet today, 2 hours a day. The number will ultimately go to 60. The posts record on tape and there are various kinds of re-broadcasts. These tapes are used in universities and elsewhere, for language teaching, for science classes, music, culture, et cetera. We send tapes around the world to various libraries and binational centers, as well as to our posts, for the communication of high broadcast quality utterances that are retained and rebroadcast on tape.

The cost right now in Western Europe per hour to have a tape recorded from our satellite Worldnet is somewhere around $100 an hour, which is less than it costs us to send the tape by air. When we get to our 60 posts, the cost per post will only be about $66.

Worldnet is not only dramatically effective in this technological age of the proven value of television—I don't think anyone can feel in any degree that it's something that's new and untested. But the beauty is that the whole Worldnet apparatus at this present time, or as we hope it will be developed, in going to other continents beyond Latin America and Western Europe, the whole thing can be dismantled overnight. The only loss will not be hundreds of millions of dollars of fixed transmitters, as we have with radio, but the approximately $27,000 dish that's been installed in each Embassy. Otherwise, there is no giant capital cost.

Senator SIMON. Well, if I may, you mentioned 32 posts. Worldnet is strictly television; is that correct?

Mr. WICK. Yes, sir. Although we are now using some of the satellites also in a way that we can use the same satellite transponder to convey our VOA signals.

Senator Simon: All right. But I've been doing a little digging on Africa. I notice VOA has been cutting back in Africa. And I understand the budget constraints under which you operate.

I guess I am concerned when I see VOA cutting back in Africa; increasing on television, but I'm afraid that television isn't going to be reaching too many people in Africa or Asia or much of the developing world.

Have you looked at—you mentioned for example Worldnet; you have 32 Western European posts there. Worldnet reaches to some extent our friends rather than people we ought to be reaching out to.

Am I drawing conclusions that are incorrect?

Mr. WICK. No, no. I think your conclusions, based on the facts you enumerate, are not incorrect. But I'd like to give you a few more facts that might lead to a different conclusion.

We do broadcast to our friends. Our friends right now are the most critical aspect of our security.

As your know, it was just a couple of years ago that the Soviets, conducted a major disinformation campaign in Europe. The successor generation of Europe, has no institutional memory of how we fought together in World War II, and how after the war the United States performed the greatest act of magnanimity in the history of nationhood with the Marshall Plan. Because of this, the implementation of the two-track decision of the NATO allies generated on December 12, 1979, was nearly frustrated.

Now, that two-track decision to deploy the Pershing II's and the ground-launched cruise missiles was recommended by Chancellor Schmidt, then chancellor of Germany, who was not able to halt the deployment of similiar missiles by the Soviets.

May I suggest that the impact of television in Africa is also great. Just before the Los Angeles Olympics, the Soviets had convinced through disinformation many African countries that the Ku Klux Klan was going to eradicate the teams sent to the United States.

We had a Worldnet to Nigeria, where many African leaders were present attending a conference. In Los Angeles was the black mayor Tom Bradley of the great city of Los Angeles, elected there by some 3 million people, and Peter Ueberroth, head of the Olympics Committee.

The African participants in Nigeria after cross-examining Mayor Bradley and the head of the Olympic committee on Worldnet realized that the whole thing was a sham, the Soviet disinformation effort was a sham, and with one exception, every African country participated.

The impact of television is so dramatic that it dwarfs any other modality. And part of our increase is to go to Africa.

Senator SIMON. If I could just take 20 more seconds just to comment.

I would be interested in hearing from your staff. I certainly recognize the power of television. If we're trying to reach Western Europe, then it seems to me, maybe we can use our funds more effectively elsewhere.

I'd be interested in having your staff tell me through Worldnet, what we're doing, how much we're spending to reach Western Europe, how much Warsaw Pact nations, how much Africa, Asia, and Latin America.

Mr. WICK. We have all that, and we'd be happy to supply it to you.

[The information referred to follows:]

WORLDNET REQUIREMENTS

Question. How much are we spending for Worldnet to reach Western Europe, Warsaw Pact nations, Asia, Africa, Latin America?

Answer. The total estimated Worldnet budget for fiscal year 1988, including salaries, transmissions, programming, TVRO's and other equipment, is $31.8 million: Europe, $10.1 million; Latin America, $5.1 million; East Asia, $3.8 million; Southeast Asia, $1.5 million; Africa, $1.5 million; ad hoc interactives, $231 thousand; equipment, $1.9 million; salaries for 220 employees, not attributed to Worldnet, $7.7 million. It should be noted that, since many staff positions and equipment purchases serve other programs in addition to Worldnet, certain arbitrary decisions had to be made in calculating these numbers. These figures, therefore, represent a rough approximation of the portions of the USIA/TV budget attributable to Worldnet.

Although USIA does not have any television antennae installed at USIS facilities or Embassies in the Eastern bloc countries, the potential for a massive audience is there. The "East beam" footprint of the satellite used for our European transmissions covers this area. Satellite dishes are being legally manufactured in Poland and Hungary, and there are reports that as many as 2,000 private citizens in Poland have acquired such antennae. In Budapest, we understand that a number of satellite dishes have been installed on large apartment blocks, and that these are used to receive Western television broadcasts via satellite.

The potential audience in Eastern Europe and the Soviet Union may be even greater in a few years time, when the Soviets institute their planned DBS (Direct Broadcast Satellite) system. Since such a system will require the installation of thousands of small Kμ-band satellite antennae, it will be difficult to keep these devices from being used for reception of Western broadcasts, rather than the Soviet-sponsored programming.

The CHAIRMAN. Thank you very much.

Senator Evans.

Senator EVANS. Thank you, Mr. Chairman.

First, let me ask, Mr. Chairman, it seems to me that the committee report which is given to us on the budgetary requests would be more helpful if there were more expansive tabular listing of the various elements of the budget, rather than just the narrative work that we've gotten so far.

I would hope that in the future we could have a little more detail, so it's handy and before us on the various elements of the budget, a comparison of the request with the actual figures for this year and last year.

The CHAIRMAN. I appreciate the thought. The information is there. I think sometimes with too much specific information you get bogged down in trying to find the broad outline.

Senator EVANS. I understand.

The CHAIRMAN. You've got a good point.

Senator EVANS. It would be helpful as background material for the other narrative that we've got.

In your budget request, I think at least in part you have put in a proposed supplemental to take care of the exchange rate fluctuations which have occurred and the inflation rates in various countries in which you operate.

I've asked the same question for the record of others presenting their budgets, where we have extensive operations in foreign countries.

Has that been a significant problem for you? Particularly, take the exchange rate first, in the countries in which you operate?

Mr. WICK. Yes, Stanley Silverman will be able to answer that.

Mr. SILVERMAN. Mr. Evans, the supplemental now pending before the Appropriations Committee requests $7.5 million for exchange rate losses from November 1985 through November 1986.

The authorization requires us to base our budget on November exchange rates. That is now pending.

Since then, another $3 million in losses has occurred in 1987, which translates into another $5 million loss in 1988.

In other words, the budget before you is short by some $5 million in 1988 to make up the difference.

Those estimates are still pending in the Office of Management and Budget. But the $7.5 million loss pending is very real and critical, in terms of preventing further cuts this year in our operation.

Senator EVANS. What are your orders from the Office of Management and Budget in terms of anticipating foreign fluctuations—not exchange rates, but just the inflation in country that you may have to put up with?

Mr. SILVERMAN. Our budget does provide for a projection of overseas inflation, based on the reports that the State Department sends back in.

We try to coordinate with the Department in terms of the projections. There is an estimate for inflation abroad. In our budget, we have $18.5 million for anticipated price increases, most of which is overseas, although that would include domestic inflation as well.

Senator EVANS. And is your anticipation of overseas inflation substantially higher than it is for domestic, or is it lower?

Mr. SILVERMAN. Yes, sir. Domestic inflation has been running around 3 percent; overseas it runs 9 to 10 percent.

Senator EVANS. It seems to me that that's an important part of the characterization of any budgetary increase; it allows you to see how much of it is real money.

It would be helpful to have that combination of inflation and exchange rates, as a part of your new budget request.

I know that you've got it in some form, but if you take the whole thing out, how much of your increase really is eaten up in just that kind of nonproductive money.

Mr. SILVERMAN. Yes, sir. In our presentation, our total increase over 1987 is $95 million, and of that sum, only $17 million is growth, in terms of programmatic growth.

The rest is either inflation, or other consequences of past actions that are just built-in costs.

That that gives you some measure of it. As we indicated in the tape, after 20 years we are 6 percent, in constant dollars, below the operating base that we had in 1967.

Senator EVANS. I was fascinated by the 20-year comparison of all the increases that you list in terms of productivity, and the decreases in the number of employees.

It leads to the obvious first question: What in the world were 12,000 employees doing in 1967?

Mr. WICK. Well, they didn't have the advantage of current technology for one thing.

Senator EVANS. But to what degree is that a major share of the difference between the 9,000 and 12,000 employees?

Mr. WICK. No, they were just doing more; doing more things that we're now trying to do now with technology.

For example, we have what we call electronic dialog. We prepare a tape on a given subject that a post might be interested in. We ship the tape to the post. They play it for a group in that particular nation that is interested in economics, sociology, or whatever. We then put the expert who made the tape here participate in a discourse with the group via telephone.

Having seen this person on this tape, through the persistence of vision and memory, they almost feel as if they know him. And then when we have the interrogation via telephonic communication they find that very valuable.

We've been able to increase what we call our "Amparts," American participants, dramatically by using these kinds of visits.

Senator EVANS. That still doesn't get to my point—that's an increase in productivity, but how does that compare with the many more people who were on staff 20 years ago?

Mr. SILVERMAN. Mr. Evans, a lot of the reduction was in our overseas foreign national staffing. We have changed a lot of the activities abroad dramatically, as the chairman alluded to earlier.

A combination of things has happened since 1967, in addition to the budget cuts that forced us to cut back across the board; overseas staffing was particularly subjected to efforts to reduce the balance of payments over those years.

Senator Evans. And those overseas staff were doing what? What were their primary interests?

Mr. Silverman. Well, they were operating our posts abroad. The total number of posts abroad has been cut back somewhat, although we're operating in more countries than we were then.

There were also a lot more people engaged in publications activity at that time. We've reduced drastically the number of magazines produced abroad. The chairman alluded to the rise in our domestic staffing. We now do fewer magazines, edited in Washington, and sent them abroad, rather than having so many people abroad producing independent magazines.

Senator Evans. It seems to me that what you're really saying is that you have opted for television abroad, a network of electronics, and in doing so have really had to cut back on the more personalized or written word, libraries, books, magazines and the other elements——

Mr. Wick. Oh, I don't think that's correct, sir. We have about 9,400 employees now. When the television service became active—it became very active here just about 2 or 3 years ago—we were down to around 8,800 employees.

Senator Evans. I am concerned. I had a chance in December to visit several of our USIA libraries in Indonesia and other places in Southeast Asia, and found they're extraordinarily nice places, in fact some brand new facilities, with a uniform complaint of those were trying to run the facilities that they had marvelous facilities but no books; or that they were finding it terribly difficult to get any kind of a budgetary allowance to stock the libraries.

And it's not just books. In fact, I think there's something of the electronic age in a modern library. Most of the people who were there were viewing VCR tapes and various things of that nature, rather than books themselves.

But they were in dire straits, or at least indicated that they were, in terms of any acquisitions.

Mr. Wick. I think that's fair. We'll never, ever, foreseeably be able to put the kind of books in the libraries that we did in the past.

It's just out of the cards, with the cost of books and the constraints in our budget. As we suggested to you, other than these enhancements, our operating budget, in constant dollars, is 6 percent below 1967.

What we've endeavored to do, though, is to provide the equivalent in certain areas of millions of books, through the modern technology, with a tremendous number of data banks, and by satellite. We're making these available in our libraries, to provide the materials that otherwise might have been available in certain kinds of books.

[The information follows:]

TAB A

AVAILABILITY OF BOOKS IN INDONESIA AND OTHER EAST ASIAN LIBRARIES

Question. Provide information on availability of books and funds for books in USIS libraries in Indonesia and other parts of Southeast Asia—posts indicated that it was terribly difficult to get funds to stock libraries.

Answer. There are 27 USIS libraries in East Asia. Only two libraries in the East Asia/Pacific area, with book collections ranging in size from about 1,500 volumes at some small branch posts to 24,500 in Bangkok. The average USIS library book collection in this area is 6,000 volumes. Nine USIS libraries in East Asia are accessing American online databases. Forty-five of 159 USIS libraries worldwide have online capability.

The American Cultural Center Library in Jakarta opened on September 25, 1986, with a collection of 5,047 books—1,250 reference and 3,797 circulating—and 250 periodical subscriptions. On April 1, 1987, after 6 months of operation, the collection had grown by 1,000 volumes, making it the ninth largest of 27 USIS libraries in East Asia. Only two libraries in the area—Bangkok and Hong Kong—rank higher in number of periodical subscriptions.

Because the new Jakarta library has been received so enthusiastically by the Indonesians (average daily attendance in first 6 months is 500), and is potentially one of the most effective components of post programming, the post and Washington support elements have given priority attention to its development. In 1985, 27 percent, or $76,000, of enhancement funds available to East Asian libraries went to Jakarta. Of this amount, $20,000 was devoted to book acquisitions; the remainder was used for periodicals and library equipment. In December of last year, the Agency's Office of Cultural Centers and Resources transferred $20,000 from another program to Jakarta to supplement funds allocated by the post for purchase of library books.

In addition to special funding from Washington described above, the post allocated a total of $81,831 to book acquisitions for the new library as follows: Fiscal year 1985, $36,443; fiscal year 1986, $30,388; and fiscal year 1987, $15,000.

USIS Jakarta reports that there are approximately 800 books on order at present and that in this year of serious budget reductions, all funds allocated to library book purchases are exhausted. A larger collection is planned and we will order additional books as funds become available.

Plans for further development of the Jakarta library include the introduction of online database searching to supplement existing resources and services. Recognizing that cost-effective use of online searching presupposes well-developed reference and information retrieval skills using traditional reference tools, the post has decided to defer online searching for at least a year to allow time for upgrading the general reference skills of the library staff before they are introduced to this new dimension in information retrieval.

Just as there is no single model for a USIS library, there is no standard sum of money or percentage of post resources that must be allocated to funding a USIS library. Public Affairs Officers (PAO's) control and allocate funds for various programs—press and publications, English teaching, book presentations, libraries, etc.—based on their assessment of the interests of the audiences the post is trying to reach, analysis of the communication environment of the country, and their judgment as to what kinds of programs can be used most effectively to carry out the post's objectives.

USIS libraries, the oldest and traditionally most visible part of USIA's overseas operations, continue to be major instruments of communication. For many citizens of other countries, USIS libraries are their first, and often only, personal contact with the United States. However, important as books, periodicals, and other visual library materials are in establishing an institutional presence, the value of USIS libraries goes beyond their mere physical presence.

Library programs, not merely finite collections of library materials, determine the effectiveness of any library. USIS library programs emphasize (1) outreach, which might take the form of personalized reference services and selective dissemination of information to special audiences; (2) circulation of books and periodicals to "self-selecting" audiences, largely university and secondary school students interested in American life and culture; (3) bibliographic support for a variety of post programs, e.g., speaker's, seminars, art or book exhibits, English teaching; and (4) developing linkages with indigenous libraries through sharing of resources and professional expertise.

Following a trend in American libraries over the past three decades, USIA is moving toward the concept of libraries as information centers with access to sources far beyond the scope of a single library. This can be accomplished through various means, including reciprocal library loan agreements, online database searching, union catalogs, electronic mail, and above all, well-trained professional librarians who know how to use both traditional reference tools and the growing body of special information storage and retrieval techniques available through new technology.

TAB B

LIBRARY DATABASE SERVICE

USIS and Binational Center library access to commerical American databases has increased significantly since its introduction at a few European posts in 1977. We now have 45 USIS posts regularly searching Dialog, NEXIS, and Legi-Slate to locate retrieve information of program value. Most posts use commercial telecommunications networks (direct-dial telephone, as well as value-added, packet-switching system such as GTE Telenet and Tymnet), but, where available, posts are also making use of the high-speed circuits provided by the Department of State which provide a saving of $10 to $15 per hour over commerical networks.

The major obstacles to increased database use by USIS libraries are lack of knowledge of the potential value and efficient use of databases as a reference tool, and lack of funds. We are addressing the former problem through training administered from our library programs division in Washington, but the second problem is more difficult to resolve.

USIA BOOK PROGRAM

USIA supports the publication of American books abroad in translation and English reprints and the exportation of American books in English. The Agency works closely with foreign publishers to encourage translations and reprints of important American titles abroad. It works with the American publishing industry to expand the presence of American books overseas through a variety of means, including book fairs, circulating book exhibits and supporting distribution of donated books to foreign institutions.

The National Security Council and the U.S. publishing industry strongly support an increased USIA book program. In FY 1986 funding was increased by $2 million and USIA was able to take the first steps toward mounting a Books Abroad Initiative to partially restore our eroded book presence overseas. This is an issue of considerable national concern and one which warrants further discussion involving the Congress, the Executive Branch and the private sector. While of critical importance to USIA, this is a matter which can not be resolved exclusively within the constraints of the current reduced USIA budget.

With the launching of the Books Abroad Initiative, we reversed some fifteen years of decline in Agency book activities. This initiative has provided funding to mount a book program for East Asia, which includes working for the first time with publishers in the People's Republic of China, expansion of other translation programs, and cooperation with the U.S. private sector to increase the flow of donated books to "Third World" countries. In FY-1986, the facts and figures for the major components of the book program are as follows:

BOOK TRANSLATIONS AND REPRINTS

The Agency works with foreign publishers to produce editions of full-length U.S. trade books, textbooks, condensations, and serializations in foreign languages and English reprints. Titles for sponsorship are chosen to reflect a broad range of American thought in subject areas of importance to USIA's mission.

Major languages: Spanish, French, Arabic, Chinese, Portuguese.
Funding: $1,307,433.
Number of titles/editions: 237.
Number of copies produced: 638,600.

BOOK PROMOTION

In coordination with the U.S. publishing industry's book-export efforts, USIA conducts programs to promote the sale and distribution of American books overseas. Within the realm of promotional activities, participation in foreign book fairs is given a high priority. In 1986, USIA sponsored and organized U.S. displays at twenty major international book fairs, including the Frankfurt International Book Fair. USIA also sponsored circulating book exhibits to acquaint foreign publishers, booksellers, and readers with American books.

Funding: $338,148.

Number of USIA displays at book fairs: 23.
Number of circulating exhibits: 5.
Average number of countries receiving each exhibit: 45.

DONATED BOOKS

U.S. publishers often donate books whose sales potential is exhausted to nonprofit organizations. Hundreds of thousands of these books have great value overseas in many Third World countries where commercial marketing of U.S. books is virtually nonexistent. USIA works with private-sector organizations to get donated books into the hands of those who can benefit from them overseas.

Funding: $487,018.

Number of donated books delivered directly through USIA program: 1,417,000.

Number of additional donated books delivered through private-sector additional funding generated by USIA grants to nonprofit, donated-book organizations: 988,000.

COPYRIGHT

USIA has a special interest in promoting adherence to international copyright conventions by all nations and actively stimulating observance of intellectual property. The Book Program Division works closely with the U.S. Copyright Office, the Library of Congress Center for the Book, and the International Copyright Information Center (INCINC) in Washington, DC. The Division will channel copyright questions relative to American books to INCINC or to copyright holders directly.

SPECIAL BOOK PROJECTS

Book initiative for Central America and the Caribbean. Funding: $436,668.

Special purchases of books for the Bicentennial of the Constitution. Funding: $141,480.

Initiation of an international Book and Library Fellows program. Funding: $248,646.

TAB C

STAFFING REDUCTIONS SINCE 1967

During our March 17 appearance we reported that our staffing would decline by 25 percent from 12,484 positions in 1967 to a projected 9,402 in 1988. Senator Evans asked what duties the additional 3,082 personnel had performed 20 years ago.

A number of organizations and functions has been reduced over the 20-year period.

Most notably, reductions of 3,587 positions have been effected in our overseas programs. Much of this cut derived from four separate executive branch efforts to reduce the American presence abroad, to lower the U.S. balance-of-payments deficit and to cut overseas costs in general. We have reduced our posts from 230 to 206, although we operate in 127 countries, 15 more than in 1967. Thus, our staffing now averages 5 American and 24 foreign nationals per country, compared to 11 American and 53 foreign national employees 20 years ago. Almost all of our field activities have been reduced, especially press, exhibits, motion picture, and information center operations.

Domestic program and support elements, other than the Voice of America, have undergone a net reduction of 270 positions. Press and publications and exhibits operations have been reduced the most. Staff positions devoted to motion picture activities have been switched to television and have been augmented within this overall net reduction.

The field and field support reductions noted above have been offset in part by growth in the Voice of America.

The modernization of VOA's engineering and program staff and operations and the congressionally mandated establishment of the Radio Marti Program account for the VOA staff augmentation of 775 since 1967. This net increase has occurred in the staff located in the United States where the VOA programs, including the Radio Marti Program, are produced and broadcast and the modernization of VOA's outdated transmitting facilities is being planned.

Thus, there has been a change in character of the Agency's activities. Technological changes, particularly in data management and communications, have played a part. These changes have occurred in the way USIA does business and in the manner our audiences receive information. Combined with the mandated reductions in our overseas presence, these changes have resulted in some increases in the Agency's domestic staff within the framework of an overall cut.

Senator EVANS. I have a concern that we not overemphasize the very appropriate broadcasting to the masses and in so doing forget, or neglect, the potential of reaching out to some of the potential leaders, the young leaders, of some of our other countries through our libraries.

And I think they're affected in a different way, and by different facilities. And I hope that we don't ignore this respect in our effort to communicate with the masses.

The CHAIRMAN. Thank you very much, Senator Evans.

I think I will desist from asking any questions myself at this time, because we have two more panels to go through. The only point I would make is that I would hope you could examine in greater detail the fact that the ratio of those overseas to at home of American employees has gone from roughly 3-to-1 10 years ago to 4-to-1 now, and I'd like to see that pulled back.

I would have no further questions.

Senator Kassebaum.

The record will be left open so that any questions can be offered for the record.

Senator Simon.

Senator SIMON. I have no further questions.

The CHAIRMAN. Senator Evans.

Thank you.

Thank you very much, Mr. Wick. And as you can see, we all think you're doing a great job. We just want to help you.

Mr. WICK. I appreciate that. And I don't envy your job, which you're doing very well.

Thank you, Mr. Chairman, and thank you, Senators.

The CHAIRMAN. The next panel is panel 1 which has administration representatives on the BIB request, the Hon. Malcolm Forbes, Jr., chairman of the BIB; Hon. Ben Wattenberg, vice chairman, BIB; and the Hon. Eugene Pell, President RFERL.

[The prepared statement of Mr. Wick may be found in the appendix.]

STATEMENT OF HON. MALCOLM S. FORBES, JR., CHAIRMAN, BOARD FOR INTERNATIONAL BROADCASTING

The CHAIRMAN. I welcome you all to the witness table. If you could limit your statements, it would be a great help. They'll be printed in full in the record.

And we would appreciate hearing from you, if you could, in 5 minutes or a little bit more. Do the best you can, and then we'll have more time for questions.

Let's start off with Mr. Forbes.

Mr. FORBES. Thank you very much, Mr. Chairman. We will file our formal testimony for the record.

The CHAIRMAN. It will be printed in full.

Mr. FORBES. Thank you, Mr. Chairman.

MISSION OF RFE/RL

I'd just like to underline a few points this morning before the questioning begins. And that is, first, just to reiterate the unique mission of these radios, Radio Free Europe and Radio Liberty.

There are probably few instruments that are more effective in American foreign policy than Radio Free Europe and Radio Liberty.

As a matter of fact, when you take into consideration the costs of these two radios, they are probably the most direct and potent tool we have for influencing and changing behavior in Eastern Europe and the Soviet Union; for encouraging democratic change.

EFFECTIVENESS OF THE RADIOS

Probably the most dramatic example of the good influence of these radios was the rise of Solidarity in Poland. Both the leaders of Solidarity and the leaders of the Communist government in Poland have testified that Solidarity would never have reached the size and influence it did if it had not been for the information provided constantly by Radio Free Europe.

Dissidents who leave the Soviet Union and Eastern Europe testify, including Mr. Scharansky, what a lifeline these radios have been.

In this age of nuclear arms, one would hope that the military weapons on which we spend so much money, that these will never have to be used.

But with these radios, we do interact on a daily basis with the Soviet Union and the satellites of Eastern Europe. Each day we do fight the battle of ideas, the war of ideas.

The reason that the Soviet Union, despite the so-called glasnost policy of Mr. Gorbachev, has intensified the jamming of Radio Liberty and of Radio Free Europe, is that these radios are what you might call radios in exile.

They are surrogate radios. They concentrate on local events, domestic events, in a way that no other international radio does.

Because of this concentration on local events and local news, we do touch a nerve that other radios from the West do not. And we simply are too close to home for comfort for the Soviets and their governments in Eastern Europe.

With this kind of radio-in-exile mission of Radio Free Europe and Radio Liberty, we do provide an emphasis that others do not.

EXAMPLES OF EFFECTIVENESS

A good example is Chernobyl. We didn't simply report that an accident took place. We took it further by giving the people helpful hints on washing vegetables and tips like that in coping with the crisis.

Moreover, the impact of these radios can be seen in policy areas such as Afghanistan. Polls of people from the Soviet Union who visit the West have shown that those who listened to Radio Liberty, as well as other Western broadcasts, have three times as high an opposition to the war in Afghanistan as those who don't listen to those broadcasts.

A more down-to-earth example of the impact of these radios is that in Hungary, Czechoslovakia and Bulgaria, people are able to make international telephone calls; we have a service in Munich where you can call in for 2 minutes, leave a message. We don't go longer than 2 minutes for fear of having tracers put on.

But people do call in. We've had tens of thousands of phone calls. We get everything from news of the latest arrests to the latest black humor.

A little over 1 year ago we noted during the holiday season a sharp falloff on these calls from Czechoslovakia and elsewhere, and so we did a broadcast, asking, Why aren't you calling in any more?

And the answer came back very quickly. The answer was that don't you fellows in Munich know that this is holiday time. We make our calls from the office, and everyone here is at home. We like to charge it to the state.

So human nature doesn't change.

But we do have an enormous impact. We reach 55 million listeners through both Radio Free Europe and Radio Liberty.

In this era of glasnost, one area where it has not been evident is in the jamming of Radio Liberty and Radio Free Europe.

INCREASED SOVIET JAMMING

Before 1987, more than 70 percent—70 percent—of the Soviet's jamming power was concentrated on our two radios.

Since January, that percentage has gone up even more. As you know, Mr. Chairman, at the end of January, BBC was ceased jamming by Moscow—Moscow ceased its jamming of British Broadcasting Corporation's broadcast into the Soviet Union. We now know through our monitors and the monitors of the BBC that those jamming stations that had been concentrated on the BBC have now been turned on Radio Liberty.

Nikita Khrushchev many years ago once said that Berlin was a bone in the throat of the Soviet Union in Eastern Europe. The real bone in the throat is Radio Liberty and Radio Free Europe. And that can be seen in the fact that in this era of glasnost, the jamming of Radio Liberty has been intensified rather than eased.

OBSOLETE TRANSMITTING FACILITIES

The mission of the radios is unique. But that mission is threatened primarily because of our obsolete transmitting equipment.

Much of this equipment was designed for a life of 20 years. They're now going on 30 years in age. And we are operating by the proverbial baling wire and gum to keep these facilities going.

A good example is in Portugal. We have a major transmitting facility. We have a shop in Portugal to cut spare parts, because the manufacturers don't make them anymore.

We badly need to refurbish this antique equipment. If that's not done, then with this intensified jamming, and with the improving of the Soviet domestic broadcasting, these radios are going to be in jeopardy. They are going to suffer from a pincer movement.

These obsolete facilities need to be brought into the 20th century. Many of these facilities are, you might say, working museums.

If we don't modernize that equipment, then that bone in the throat of the Soviet Union will be removed, not because of what they do, but because of what we didn't do.

Thank you very much, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Forbes.

Mr. Wattenberg.

[The prepared statement of Mr. Forbes may be found in the appendix.]

STATEMENT OF HON. BEN WATTENBERG, VICE CHAIRMAN, BOARD FOR INTERNATIONAL BROADCASTING

Mr. WATTENBERG. Mr. Chairman, I just wanted to mention one thought.

GLASNOST

The moment we're living in, this glasnost period, is of course a quite remarkable moment indeed. I don't think anyone in the United States really understands what's going on, and I'm not sure that Mr. Gorbachev yet quite understands exactly how it's all going to turn out.

The last such opening we had with the Soviets was in the early 1970's, in the era of detente, and many analysts feel that we did not handle that properly at that time.

It seems to me that with the opening provided by glasnost, this is a moment when the role of the radios can be and should be particularly enhanced in many ways.

First, glasnost is really a sign of Soviet weakness. That's what it's talking about, problems in the Soviet Union.

And accordingly, it's time for the United States Government to appraise what it is the Soviets are doing, to offer appropriate carrots and sticks, in order to properly play this remarkable time.

With the opening up of a more fertile field in the information area, it seems to me that, as Steve Forbes has indicated, our broadcasting is particularly appropriate to local situations within the Eastern bloc and the Soviet Union.

RADIOS UNDERSTAFFED AND UNDERQUALIFIED

I have always felt, but feel it with particular sharpness now, that it is a great shame that Radio Free Europe and Radio Liberty are so understaffed and so underequipped. Despite fine treatment from this committee in recent years, we started out so far behind that it was a particular shame.

And it remains so today. Now, as you know, Mr. Chairman, I am a strong—sort of pro-military hawk. I don't want to cut the defense budget or anything else.

On the other hand, the budget of these radios compared to the defense spending is literally coffee money at the Pentagon. And it seems to me that if there were some way to establish some offsets against—I know the budget at the actual levels are determined, but if there were some way to try to boost all the contest-of-ideas instrumentalities that the United States has, perhaps as an offset against military spending, that would even attract hawks like myself.

The CHAIRMAN. Thank you very much.

I agree with you so much that also the skilled use of these radios, both yours and Mr. Wick's, can avoid the use of those battleships, too, an even greater economy.

Mr. Pell, I'm delighted with the luster you bring to our name. Carry on.

STATEMENT OF HON. E. EUGENE PELL, PRESIDENT, RADIO FREE EUROPE/RADIO LIBERTY

EXAMPLES OF EFFECTIVENESS

Mr. PELL. I would just add very briefly to what my colleagues have said about effectiveness, because I think that is an important subject, particularly at a time when dramatic change is taking place in the Soviet Union in terms of their own media policy.

Let me just cite a couple of recent examples that I think demonstrate the continued importance and effectiveness of these instruments.

The trial of the jazz section just ended in Prague, where the state radio broadcast over a several week period only three brief news items, and no background on the musicians' trial.

Radio Free Europe broadcast several programs on this subject. The jazz section is well known not only in Czech dissident circles, but among a broader public.

But without Radio Free Europe and other international broadcasters, this important trial would have gone largely unnoticed in the country in which it took place.

The recent 10th anniversary of Charter 77, the most important Czech dissident group, was ignored by the official media. Radio Free Europe provided historical background, and featured the latest developments in the regime's efforts to crush Charter 77.

In Hungary, only this past weekened, there was a large demonstration calling for more democracy and freedom. The Hungarian media ignored it. Radio Free Europe covered it in depth.

And on the Radio Liberty side, there are also examples from Chernobyl, as the chairman of the BIB has cited, to the recent charges of corruption in Kazakstan and the riots in Alma Ata.

So I would submit that glasnost aside—and glasnost is selective, and it is this point, even embryonic—that the mission and the importance of these radios is probably more so than ever before in their history.

IMPACT OF CURRENCY FLUCTUATION LOSSES

Unfortunately, we are placed in a game of double jeopardy. While the importance of what we do increases, the resources with which to do it seem to be on the decrease. And anticipating perhaps a question from Senator Evans, since I heard his question earlier on foreign currency to USIA officials, we unlike most other agencies are in a position where fully 81 percent of our total operating budget goes to purchase foreign currency; 70 percent of it to buy deutsche mark.

The dollar's not buying as many deutsche marks as it did only 12 months ago, even 6 months ago.

So again, sir, in anticipation of a question, we're looking at $33 million shortfall in fiscal 1987 just to stay where we were at the beginning of the fiscal year because of the continuing decline in the dollar.

With that preface, Mr. Chairman, I'd be happy to join my colleagues in answering any questions from the committee.

The **CHAIRMAN**. Thank you very much indeed, gentlemen.

I'd like to ask Mr. Forbes, I guess, the same question I asked Mr. Wick.

IMPACT OF 10 PERCENT REDUCTION

If you had to take a 10 percent reduction—and I don't want to indicate lack of approval for your work, because I think it's excellent—but if you were forced to take that 10 percent cut, how would you take that cut? Where would you cut?

Mr. **FORBES**. Well, as you indicated, Mr. Chairman, it would be, for our operation, a disaster. It would mean that we would have to reduce our broadcasting hours each week; we'd have to cut up to 500 hours, over 50 percent of our broadcasting would have to cease.

Moreover, because we'd have to cut our power so much, the remaining broadcasting signal would be very weak. And so what you'd get would be the equivalent of prime time static because of the jamming.

UNCONTROLLABLE COSTS

The reason why we're so vulnerable to a cut is as my colleague Gene Pell indicated, that already we're down $33 million because of currency losses. So if you take the fiscal year 1987 figure, we're already down 25 percent.

Moreover, we have a large number of fixed costs—70 percent of our costs are personnel, and under European labor laws, our flexibility there is virtually nil.

We have very few pieces in our budget that are controllable. One of the few areas of controllables is the power, and that's why we'd have such a drastic reduction.

If we were to fire all of our recent young people in that service, in the whole Radio Free Europe/Radio Liberty, we would save less, in this fiscal year, less than $100,000.

Moreover, these cuts, just as a little bit of background, would come on top of the severe cuts Radio Free Europe and Radio Liberty took during the 1970's.

We lost, in the 1970's, more than 40 percent of our personnel, and those pieces really haven't been put back together again in any demonstrable way.

POSSIBLE PROGRAM CUTS

So, it would be a catastrophe. It would mean 500 hours of lost broadcast, and a much weaker signal for the remaining broadcast. It would mean the cessation of our modernization program; our rehabilitation program; and it would also mean reducing areas such as security below a tolerable level.

For us, because of our unique situation, it would be a true catastrophe, far more than the 10 percent would suggest.

SECURITY

The **Chairman**. Why do you have security problems?

Mr. **Forbes**. That is one of the few areas of controllable cost that we have. We had, as you know, a bombing at our headquarters a few years ago, and so we've embarked on a security program of beefing up security both in Munich and at our transmitting sites in Spain and Portugal, and our three transmitting sites in Germany.

They're very exposed. We have a program now that is going at a minimum level to bring that security up to what we're comfortable with. But that, of course, would have to be cut because that's one controllable area.

We don't want to do it, obviously, but if we don't have the money, we can't spend it.

The **Chairman**. I know having lived behind the curtain and visited it often, I have a huge respect for what you do, because you keep the morale up of the people, and they're informed.

BROADCASTS TO CZECHOSLOVAKIA

Do you have separate Slovak and Czech broadcasts?

Mr. **Forbes**. We do.

The **Chairman**. What's the ratio?

Mr. **Forbes**. Gene?

Mr. **Pell**. Well, the ratio is about 60–40 I would guess at the moment.

The **Chairman**. 60 Czech, 40 Slovak.

Mr. **Pell**. Right. But the service is not divided into separate services. It's an integrated service that broadcasts in both languages; but the ratio of employees is about 60–40.

EMPLOYMENT OF SOVIET EMIGREES

The **Chairman**. And when it comes to Radio Liberty, how do you handle the question of keeping the words up to date? Because you have refugees of 20 to 30 years ago, they use a different approach?

I was curious, what the average period of time since they left the Soviet Union would be of the people doing the broadcasting on Radio Liberty?

Mr. **Pell**. There are about three different emigrations. For example, Mr. Chairman, in the Russian service, about one-third of the workforce there is of fairly recent vintage in terms of its arrival in the West.

There are those who go back to the founding of the radio in 1951. We have developed some in-house training programs in terms of language and currency of usage, et cetera.

We do get feedback from the other side when mistakes are made in usage. But the question addresses a serious problem.

RECRUITING FOR EXOTIC LANGUAGES

It's an even more serious problem when you get to the smaller central Asian language services of Radio Liberty. For example, in our service to Tajikistan, we only have five employees.

But it's impossible to find a Tajik—there is no emigration—who speaks English, who knows anything about international broadcasting, or journalism, or life in the West.

I know this subject is near and dear to the heart of Senator Simon as it is to us. We have a very serious problem as do other international broadcasters, in finding people who can speak some of these languages.

When we do find them, in Pakistan for example—there are some Tajiks in refugee camps—the problem is compounded in terms of how do we get them documentation to bring them to Munich to work for us.

In some instances, in the Turkministan service, for example, or the Kazak service, we've managed to recruit out of Turkey.

But we're looking at second and third generation, and in many instances, they do not speak the language as it is presently spoken in Kazakstan.

So we're having to train these people ourselves, not only in broadcasting and journalism and Western values, but in many instances, in their own languages.

IMPACT OF DEFERRING MODERNIZATION COST

The CHAIRMAN. Thank you. In rough figures, what would be the saving if you deferred your construction costs, renovation costs, for 1 year?

Mr. FORBES. Well, we were given $18 million for fiscal year 1987. $3 million we're allowed to spend in fiscal year 1987, $15 million on October 1. Much of that money has been obligated.

We're slated for $41.9 million for fiscal year 1988. That, of course, would go by the boards if that kind of cut came in.

The longer we delay that kind of renovation, the more costly it is, and the less effective our current broadcasts are. In effect, it would be a form of self-jamming.

Many of these changes, many of these renovations, should have been done 8, 10, 12 years ago. They were not, because the cuts of the 1970's, and we're paying the price for it now.

Moreover, talking about personnel, because of the cuts in the late 1970's and early 1980's, we missed in effect a generation of new people, or new programmers.

And in the next few years, roughly one-third—one-fourth to one-third—of our current programmers will be retiring, and we don't have people in the pipeline to replace those people.

And that's why training—basic things like training—which are the first to go in budget cuts, are going to catch up with us now.

BIB STAFF

The CHAIRMAN. Thank you. I noticed you've asked for an additional staff position, professional position, for the BIB here in Washington? Why would that be? Why has your load increased?

Mr. FORBES. I think that is—there are five principal staffers, and those are filled. I believe that this other one is really secretarial, someone who's been working part time would be slotted fulltime to handle the paperwork.

The **Chairman**. Thank you. I have no further questions at this time.

Senator Evans?

FOREIGN CURRENCY EXCHANGE RATES

Senator **Evans**. Since you anticipate a question on exchange rates—the other side of that question in past years when the exchange rates were going the other way would the Agency give back the extra money that came from buying things cheaper?

Mr. **Forbes**. Unfortunately, we lost on both sides. Unital 1984 that money went back to the Treasury and we never saw it again.

Senator **Evans**. I just wanted to make the record clear on that. So OMB is very careful to retrieve money on the exchange rates go with them, but reluctant to approve additional supplemental requests when exchange rates go the other way.

NEED FOR EXCHANGE RATE STABILIZATION FUND

Mr. **Forbes**. We have spent many hours on that subject, which leads to something that we would like to see enacted and funded, and that is a genuine exchange rate stabilization fund. If such a fund were capitalized it would save all of us untold hours of agony and management time. The U.S. Treasury Department has estimated that between 1976 and 1986 when we had all these violent fluctuations up and down with the dollar, at the end of that 10-year period if there had been an exchange rate stabilization fund it would have been even. There would have been no losses. So, yes, we lose one year, we gain another year, but with an exchange stabilization fund it would not end up costing money and it would save everyone considerable time and agony.

Senator **Evans**. How would you suggest something like that be funded? Funded as exhange rates go with us?

Mr. **Forbes**. Yes, you would, say, put in $10 or $15 million in seed money and then in good years the money would go in and in bad years it would be drawn down, and over a 10-year period it would be exactly just about even.

Senator **Evans**. You say upward of 80 percent of your funding is spent?

Mr. **Forbes**. Eighty-one percent goes for foreign currency, 70 percent for Germany, 11 percent for Spain and Portugal.

EFFORTS TO COUNTER JAMMING

Senator **Evans**. I seem to remember reading not long ago about an interesting new device, and I don't know whether the story was a real one or not, that someone had invented a do-it-yourself antijamming kit that could be made of common household materials. Are you aware of that?

Mr. **Forbes**. I am not. If there is one, we will make a request for one.

Mr. **Pell**. I read the same article. I believe word about it came from the present director of the Voice of America in testimony before a subcommittee on the Hill that VAO engineers had been experimenting with such a device. I do not have a readout from our own engineering staff on the potential effectiveness of it, but it is still somewhere down the road, I am afraid.

VCR'S IN THE USSR

Mr. **WATTENBERG.** There is a recent development that is in effect an automatic unjammer which is the advent of the VCR behind the Iron Curtain which is if you have two VCRs you have got the equivalent of an electronic video printing press that you can pump these things out, and there has been, as I understand it, wide circulation of American films and television shows, which in their own peculiar manner, not necessarily talking about Rambo, but spread the word.

LIMITATION OF JAMMING

Mr. **PELL.** That practice has been in effect for a number of years in terms of radio broadcasting. We know that jamming is nowhere near as effective in the countryside as it is in the cities, and people deliberately go to the country in the Soviet Union on the weekends and record programs on cassettes and bring them back into the city, and they are reproduced and circulated widely.

Mr. **FORBES.** We have in the past made broadcasts on hints on trying to reduce the jamming but on a scale of 100 increased power is about 95, these other devices about 5. It does not really get to the heart of the problem.

Senator **EVANS.** So it would be interesting if you do run across or if your engineers want to track that down. I would be fascinated to find if in fact someone has put together a device like that. if it could really be done at the receiver end, it would be quick and easy.

Mr. **FORBES.** We would be broadcasting instructions each day.

PRIORITY TARGET AREA

Senator **EVANS.** I am sure you would I am sure you would. If you had opportunities to expand now where do you feel the least covered areas are both in terms of areas and in terms of language?

Mr. **FORBES.** We have in the fiscal year 1988 budget four areas which are called "enhancements." We would rather call them "repairs." The first is adding 10 positions to the Ukrainian service and our central Asian service. The Ukraine has about a 40 or 50 million population. It has a key part of the Soviet Union. It has had ties with the West. Our service there is very small and should be increased. Things like Chernobyl underline that. The importance of Soviet central Asia comes because of the extraordinary growth in population among the Moslem population in the Soviet Union and it is growing very rapdily, and also because of Afghanistan. We need to add a few positions there to enhance those services.

PERSONNEL NEEDS

The second area, which has very little sex appeal but which is vital for the efficient functioning of these radios is in the area of personnel. We have $1.7 million requested to carry out recommendations from the Hay organization, an organization of consultants that we brought in a few years ago. When Radio Liberty and Radio

Free Europe were combined together in the 1970's they were never really integrated in many administrative respects. We have people working in those services, performing the same function in Radio Liberty as another person does in Radio Free Europe, yet they have different benefits, different salary scales. It is a constant source of lawsuits, and we want to rationalize that. That should have been done 11 or 12 years ago. We got OMB to go along with it as a request in 1988. It would remove an ongoing sore for morale and for management. As part of that program, too, it would mean that we would have personnel evaluations done in a way that we have not done before. That would make it very much easier for us to comply with German labor laws and would in effect bring us where we should have been 10 years ago.

SECURITY NEEDS

Another area is security, which we mentioned earlier. And another area that we consider to be very important in this journalistic enterprise is continuing our computerization program. Many of the functions that we do now as somebody said is done with stubby pencils. We started a computerization program a few years ago. We must continue that if we are to get the kind of efficiencies that this operation should have. To make efficient use of all the information that we get in from a variety of sources this computerization must be done. We have a request for about, I think, $1.5 million for that. Those are four key areas for 1988. We submitted to OMB a number of other areas, and since you asked the question, we can say that we did make other submissions that did not make their cut, but we do need more personnel for these services to bring them up to speed.

TECHNICAL MODERNIZATION

And then, of course, we have got to continue this modernization. If we get that $41 million for 1988, we would complete the renovation of these European facilities and would get the signal through in a satisfactory fashion to Eastern Europe and the Soviet Union. That is absolutely vital. We need that modernization.

SOVIET CENTRAL ASIA

Mr. WATTENBERG. Senator, if I might just add a word about our central Asian situation, you know, the demographics in the Soviet Union are now such that in the Russian and Slavic Republics you have got about a two-children-per-woman average, and in those Soviet central Asian areas it is somewhere between five and six children per woman. And when you look out into the next century you are talking about a Soviet military force that is probably 65 to 70 percent non-Russian, many of them coming from these Moslem south central areas of the Soviet Union, which are areas of great restiveness now in any event, as we saw with the Kazakstan thing. So it seems to me that looking out a little bit beyond just tomorrow, that we really ought to be putting forth a major push both in, I guess, in VOA and in Radio Liberty to tap into that enormously growing area because it is going to be a very sensitive spot within the Soviet Union.

CAPACITY FOR LANGUAGE STUDY IN THE UNITED STATES

Senator **Evans**. I know the problem is, as Eugene Pell mentioned, just getting people who understand the language and understand all the other things that are necessary for an adequate broadcaster. Do we have the capacity anywhere in this country for language study? Have we gone at it the other way? I am not sure which is the better way, but it sounds to me like you have gone after nationals and tried to teach them the remaining part of it with them having the language capability. Have we tried to go the other way and find people who know the other elements and who could go through intensive language training, or does that work as well?

Mr. **Pell**. We have tried to go the other way. Unfortunately, there are just a handful of people in this country who speak some of these languages. As Senator Simon has said very well, we are not the only people who have a need in that area.

Senator **Evans**. So there is not even the capacity to teach?

ENHANCEMENTS

Mr. **Pell**. Of those people who are capable in any of these languages we probably already have a high percentage of them on our staff. Could I add one quick word to what the chairman said on the enhancements? And again, going back to the question you asked in the previous hearing, subtract the inflation factor, subtract the modernization, and subtract the currency adjustment because of the decline of the dollar, and our fiscal year 1988 request comes out to a requested increase of $4.6 million. That $4.6 million would allow us to add these 10 positions in Ukrainian and central Asian services, increase our physical security capability, upgrade our automatic data processing capability, and fully implement the consolidation of the radios in terms of the personnel study that the chairman cited.

Senator **Evans**. Thank you.

The **Chairman**. Senator Simon.

Senator **Simon**. Thank you very much, Mr. Chairman.

IMPORTANCE OF RADIO BROADCASTING

First, I want to commend you for what you are doing. I am a great believer in what you are doing and since Charles Wick is still here let me suggest as I look over the memo from your agency if I had to pick and choose, and unfortunately, you are going to have to do that, I would cut back a little on Worldnet that reaches Western Europe and do more on Voice of America and Radio Free Europe and Radio Liberty that reaches areas that we ought to be paying, I think, a little more attention to.

BBC POPULARITY

Let me address this question to all three of you. You are all news people or former journalists anyway, if not currently journalists. One of the things I do run into occasionally when I visit in Warsaw Pact countries is, I will run into people who say they listen to BBC rather than Voice of America or Radio Free Europe or Radio Liberty because it is less propagandistic. Are you sensitive to that criticism, and are you constantly working to make sure we are——

Mr. Forbes. We are sensitive to it because these people in Eastern Europe and the Soviet Union get crude, shrill propaganda from their own media. If we resorted to that, we would lose our audience. What we have tried to strive for especially on the news is objectivity and thoroughness. That is why, for example, on the Chernobyl accident, even though a major wire service reported that several thousand people had died from it we did not broadcast that number because we have an in-house rule that we must have two reliable sources for a piece of information before we broadcast it. So unlike most Western media we did not broadcast that information to the Ukraine because we did not have the sourcing for it. We are very cognizant of that, and I think the proof of it is in the audience estimates of people who listen to Western broadcasts. We have a very high share of the audience in the Soviet Union. VOA has roughly 32 million. We have roughly 22 million listeners. We have more listeners in the Soviet Union than, say, does BBC. In Eastern Europe our share of the market, so to speak, is higher than that of other Western broadcasters, including areas such as Poland. What is most gratifying is that especially since Mr. Pell came on board we have seen an upsurge in audience in areas such as Czechoslovakia and, most hearteningly, in Hungary. Hungary has probably the freest and most sophisticated media in the Communist world, and for a period of time our share of audience went down because the homegrown product was doing better and they could listen unjammed to other Western broadcasts since Hungary is unjammed. But in 1986 we did notice, thanks to programming improvements we made, that our audience went up quite a bit. In the Soviet Union, the audience estimate is moving up and in Eastern Europe, Poland has stabilized after the falloff because of the crackdown on Solidarity, Czechoslovakia seems to be moving up a bit, and in Hungary we have noticed a real improvement.

Mr. Pell. Senator, if I may respond to that this way, it is an argument that has troubled me for a very long time. I think it is made by people who do not listen very often to either. It is certainly an argument that is made by people who are not familiar with current criticism of the BBC that is rampant in Great Britain itself, criticisms about its lack of objectivity——

Senator Simon. If I may interrupt just to ask you, have you in visiting countries had people tell you that?

Mr. Pell. Yes, sir, but I do not accept the argument. I think the product and particularly the news product of the Voice of America, for example, under the leadership of Mr. Wick and others who have been involved with the VOA these last several years is in my opinion the finest international news product there is on the market, including that of the BBC. The criticisms or the comparisons that are made with our product are of a different kind. We are a different kind of radio. We are a surrogate radio, RFE and RL. We are not only broadcastng to, we are broadcasting about the audiences that we serve. So, I can understand why people might suggest that there is a greater propagandistic tone to the RFE-RL broadcasts, but as Mr. Forbes pointed out, and all of our research confirms, we have upward of 65, 68 percent of the adult audience in many of the countries to which we broadcast, and the BBC's numbers in Hungary, for example, would be somewhere in the neighborhood of 28 percent versus our 65 percent, and I think that speaks to the issue.

Mr. **Forbes**. We do solicit from our Embassies in Eastern Europe feedback on our programming if they think there is something wrong with it, wrong with it either being inaccurate or being shrill, and those reports have been very positive when we get them.

BROAD ROLE OF THE RADIOS

Mr. **Wattenberg**. I have been on the board now for about 6 years, and I have been the program committee chairman, and I have heard those remarks, and it took me a while to kind of understand something that is rather unique about Radio Free Europe and Radio Liberty. I mean, they are called radios, and yet they serve an organic function that in the West would be covered not only by radio stations or television stations but by literary supplements, by magazines about cultural affairs. They serve functions that would be normally performed by book publishers, by historians, by political forums. They are dealing with the very warp and woof of these terribly troubled societies, and consequently, we are going to make that attempt to fill, because after all, these radios are the only window into those countries in terms of what we can provide and do all of those things. We are going to be dealing in many sensitive areas. We have gotten in trouble for broadcasting things about the history of the Soviet Union. Now, the history of the Soviet Union is a tangled and bloody mess.

BROADCASTS OF HISTORY

I sat in on one meeting with James Michener and Michael Novak and myself, who are the program committee chairmen, where one of the officials of the BIB at that time said "What we ought to do really to get away from this is, just drop the history broadcasting." And I was watching Michener's face at the time, and it just fell. Here is a man who has devoted himself to the idea that the past is what influences the present, and we cannot do that, and consequently I think we are getting in a lot less trouble because Gene Pell has set into motion a series of checks and balances and reviews and whatever which I think are quite remarkable and quite successful, but we really are doing things that the BBC does not do, it does not have to do.

FISCAL YEAR 1988 INCREASES

Senator **Simon**. Thank you. And I do not want you to avoid controversy or history, either one. Cost figures. I happen to serve on the Budget Committee, too. As I look preliminarily here you are asking for a 61-percent increase for fiscal year 1988. I do not have 1989 figures.

Mr. **Forbes**. The numbers go down in 1989. The reason why 1988 looks so far above 1987 is primarly because of, one, currency fluctuations. There is not only a $33 million shortfall we are having in this existing fiscal year, but we need an additional $27 million that has been marked in fiscal year 1988 for just currency. Moreover, that $203 million includes $41.9 million to complete the renovation of our obsolete European transmitting facilities. If you take out inflation, currency losses, and this one-shot modernization, our operating increase of 1988 over 1987 is minuscule. It is about $4 million, a little over 1 percent in real terms.

Senator SIMON. Good answer. I thank you.

The CHAIRMAN. Thank you very much. Senator McConnell.

Senator McCONNELL. Thank you, Mr. Chairman.

CALCULATING AUDIENCE FIGURES

I noticed that you were speaking very precisely about audience market share. I wonder how you determine that. How do you know how many folks are listening to you?

Mr. FORBES. Obviously, we are not able to use the Nielson service behind the Iron Curtain. But what we do is, we have a department in Europe where we are able to interview several thousand people from the Soviet Union and from Eastern Europe who visit Western Europe each year. What is not recognized is that there are several thousand people who visit from the Soviet Union to Western Europe. Say your factory wins a production contest. They will call you up one night and say, McConnell, you have won the contest, your group has won the contest, pack your bags, you are going to France tomorrow. That is how they do travel there. So, you do get a surprising number of people going into the West. When those people come into the West, we are able to interview them. Despite the presence of the KGB, we are able to interview several thousand of these people each year and ask them as you would with the Gallup service or any other service, a variety of questions.

Senator McCONNELL. How in the world do you do that?

Mr. FORBES. You catch them shopping, primarily where they shop. There are certain shops where they go to to buy Western goods, and you can strike up a conversation. You have to have training to do this.

Senator McCONNELL. You have interviewers out in the shops?

Mr. FORBES. We have interviewers and services that do this, and we have several thousand interviews. The few times within the Soviet Union that they publish their own survey findings—occasionally they do—their results correlate very closely to ours. We have to adjust for the fact that there is a disproportionate number coming from cities, and also you have a disproportionate number of people coming from the Communist Party. But even with those limitations we are able to get a fairly good feel for the number of listeners to our broadcast, and also to other radios. Other international radio broadcasters, including BBC and others, subscribe to this service to see how many people are listening to them.

USE OF PRIVATE POLLING FIRMS

Mr. WATTENBERG. We do not have our own polls. We hire private polling firms in Western Europe to do this. It is interesting. The original model for this sort of survey was set up by a very distinguished professor at MIT, the late Ithial Poole, who has designed a demographic model that you could take the sorts of people who are coming out and slot them into the total universe of what the Soviet population is, and get over time a running series of data that make a lot of sense, and as Steve said, are used by all the other international services as——

Senator McConnell. How quickly can you get a sample? I mean, you have to fit the right demographic model for the sample. How long does it take you to get an adequate sample?

Mr. Forbes. It takes several months.

Mr. Pell. We had questions about Chernobyl into the field within 2 weeks after the disaster itself, and the first raw data back within 90 days after that, unweighted. Now we have managed to develop that further, but as Mr. Wattenberg points out, we contract with seven different public opinion firms in Western Europe, for example, to do the work for us. Their interviewers are trained in terms of where to find the people and how to question them.

MAIN SOURCE FOR ALL AUDIENCE INFORMATION

Senator McConnell. These are in person interviews?

Mr. Pell. Yes, sir, we do have a very good fix, we believe, on audience, and the methodology is accepted by all other international broadcasters. We are the source of audience information for the BBC, for the Voice of America, et cetera. Because of the data base we now have, we are also in a position to conduct attitudinal surveys over time, attitude toward the war in Afghanistan, attitudes toward nuclear weapons issues, et cetera. So it is a unique service in that sense.

Mr. Forbes. One of the things we found out about 1½ years ago about Afghanistan was that it suddenly jumped up, you might say, on the opinion Richter scale from a very low level to a very high level. We noticed an enormous increase in concern about the Afghan war. And among the people that we polled, about 30 percent said they were opposed to the war, 25 percent said they were for it, and the others said they were on the fence. But you suddenly saw this huge jump in concern about the war which may be behind Mr. Gorbachev's alleged desire to find a way out.

Mr. Wattenberg. What is particulary useful about this data is, you indicated, perhaps it would be difficult to slot all the round pegs in the round holes to create a perfect universe, but when you are polling over time, even if your universe is not perfect, it is a constant universe, and consequently we have seen the numbers in terms of opposition to Afghanistan within a constant model grow year by year in a very dramatic way. We have an excellent man in Paris who does this.

USE OF SURVEY RESULTS

Senator McConnell. Are these survey results the single biggest factor in programming decisions?

Mr. Pell. Not the single biggest factor, but a major factor. In everyone of the reviews that we have of the various services we begin with an overview of the area to which we are broadcasting, and the latest numbers from our research departments on audience and audience attitudes and audience program preferences, et cetera. It is a major factor.

Senator McConnell. In your broadcasting, do you mention survey results to the listeners so they get a sense of what other people in their area think?

PHONE CALLS FROM EASTERN EUROPE

Mr. Pell. No, we do not do that, and for some obvious reasons. As Mr. Forbes pointed out earlier, 1 year ago or 14 months ago we discovered that people could now make a phone call from either Czechoslovakia, Hungary, or Bulgaria directly to Munich. We installed banks of recorders on which people could leave up to a 2-minute recorded message. Anything longer than that could jeopardize the caller. And since we put that in we have had more than 50,000 people call us in Munich on this.

Senator McConnell. So your feeling is, if you announce the survey results the Soviet Union will quit letting people call?

Mr. Pell. That is right. The factory worker might be given a different set of instructions before he got on the airplane.

Senator McConnell. You broadcast in 22 languages?

Mr. Pell. Twenty-three.

POPULATION IN TARGET AREAS

Senator McConnell. In terms of consolidating your resources and beaming your message to the most significant groups you mentioned, for example, the Ukraine as being an area that you need to beef up for all the obvious reasons that you stated. However, are there enough people speaking some of the other 23 languages to really warrant major programming?

Mr. Pell. Yes, sir. I assume you have reference to the central Asian areas or the Baltics.

Senator McConnell. You obviously want to hit, I would assume, the largest number of people in the most crucial areas, and I am wondering with resources being tighter in the government what kind of factors go into making a decision to broadcast in Ubek? And how many speakers of Ubek are there out there to hear your message?

DUAL LISTENING IN MANY COUNTRIES

Mr. Pell. I could provide for the record a detailed breakdown from Soviet census figures, but if you take Kazakstan, for example, there are probably about 8 million people who speak Kazak. We know there is dual listening in many of these countries. People listen in both Russian and in their native language. Part of that is to overcome jamming. Most of it is because in some of these languages we are the only international broadcaster on the air, and in terms of promoting and preserving a sense of national identity, culture, language, et cetera, the kind of feedback we do get, which is limited from these areas, almost always emphasizes these as the reasons for listening, We could provide you, Senator, with a census breakdown and the numbers of speakers of each of the languages in which we broadcast.

Mr. Forbes. Given the population growth in these areas, we feel it is very important to keep that franchise and not lose it at a time when these people will be becoming more and more influential for better or worse within the Soviet Union, especially when you see areas like Afghanistan and Moslem revolution in parts of the rest of the world. The Moslem area of the Soviet Union is the fastest growing area in terms of population.

CESSATION OF JAMMING OF BBC

Senator **McConnell**. And an area, I gather, for a lot of other reasons that you mention, may be more susceptible to some kind of independent message.

Mr. **Forbes**. Yes. They have never really accepted the fact that they are part of—being ruled from Moscow.

Senator **McConnell**. I am told by staff that the Soviets recently quit jamming BBC broadcasts, and I am wondering why you feel they did that.

Mr. **Forbes**. They quit, we think, for two reasons. One is, BBC does concentrate more on international news. They don't have the local touch that we have. Therefore, by not jamming it, the Soviets make it that more attractive to listen to than a jammed station such as ours or VOA. The second reason is that they are able to turn, and we know this now from our monitors, those jammers from BCC on to Radio Liberty. So the cessation of jamming BBC is part of glasnost, but it is part of a very selective glasnost. If they have to open up, they are doing it in a way that actually enhances their control of information on a local scale.

Senator **McConnell**. Thank you very much.

PROGRAMS TO CZECHOSLOVAKIA

The **Chairman**. Senator Pressler.

Senator **Pressler**. I would like to follow up a little bit with some questions on Czechoslovakia. I know that some of you have mentioned that in your statements. I have long felt that the Czech dissidents in Charter 77 do not have a domestic constituency per se, not a very large one, and they are sort of forgotten, but I think your broadcasts have been very helpful in keeping alive awareness of the plight of the Czech dissidents. Recently there were some good articles in the New York Times on the jazz musicans in Czechoslovakia who were persecuted. I have frequently said that I think Czechoslovakia is a country that portrays itself as having a broad liberal approach because of its export of tennis players and very effective exhibits at the World's Fair in Vancouver, and so forth. In fact, it has one of the most repressive governments. In fact, the KGB in Czechoslovakia, I think, other than the Soviet Union, is the most intrusive intelligence network in Eastern Europe.

My wife and I made a trip through Eastern Europe last July 4, and were not allowed to meet with certain members of Charter 77 with whom we wanted to meet. I very much appreciated being interviewed by your organization and your reporters on this. When something happens in other countries where there is more of a domestic constituency it gets more attention. I think your broadcasts have helped to keep alive Charter 77. Is it correct that these human rights spokesmen are encouraged by the fact that some people outside care about them?

Mr. **Forbes**. We have a very strong Czech broadcasting service simply because it is part of our mandate even though there may not be a domestic constituency. Gene, you can tell the Senator about some of the programs we have done, as you say, to keep the spirit of Charter 77 alive in this recent Jazz Section trial?

CHARTER 77 ANNIVERSARY

Mr. **Pell**. The recent 10th anniversary of Charter 77 was not mentioned whatsoever in any of the official media in Czechoslovakia. We broadcast a number of programs dealing with the historical background, the current situation, et cetera. In terms of the recent prosecution of the Jazz Section by our count, and we monitor these things pretty carefully, there were only three very brief mentions of this anywhere in the Czech media, whereas we obviously gave it full-blown coverage.

Sometimes we get backhanded compliments, Senator, which tell us as much about effectiveness as anything. Last week the British delegate to the CSCE meeting in Vienna had lunch with our correspondent there and told him that he had been under daily pressure from the Czechoslovak delegation not to provide any information to him and to RFE-RL on the grounds that we were a disturbance to the prospect of better Czechoslovak-Western relations. The British delegate said that the Czechs were particularly upset about the effectiveness of RFE and the regard in which we were held by the Czech population, said the Czech delegation is seething over an interview we broadcast with Congressman Steny Hoyer, who is the chairman of the U.S. delegation to that meeting, and they were also angry about our broadcast on the Jazz Section and other trials taking place inside the country. The British delegate's comment was, "Keep it up."

Senator **Pressler**. Well, good. I have introduced a resolution commemorating the 10th anniversary of Charter 77. I feel very strongly this is something that is being forgotten. I commend your organization. My last question has already been submitted. I am very much for increasing your funding. We have got to find a place to take it from or find a way to shuffle funds around. That is why Senators are elected—to figure that out—but it is a very difficult task.

I also should commend Sonia Winter, who has done a lot of interviews for Radio Free Europe—I think she is on your staff somewhere—on the Czechoslovakian problem. Many Czech people live in my State. They are always interested in news about Czechoslovakia. So I provide them with as much as I can. But I do not think we should forget—and even in Washington, DC, I think the KGB operates here more through the Czech Embassy than it does—well, it operates through the Soviet Embassy, but of all the other countries. I would not be fooled by the Czechoslovakian government.

1981 BOMBING AT MUNICH HEADQUARTERS

Mr. **Pell**. Ms. Winters is a very valued member of our staff here in Washington. I am glad to know she has made contact with you. Again, to go back to a backhanded compliment, and I hate to cast it in this term because it is a tragic one, but perhaps the ultimate measure of effectiveness was in 1981 when a very high-powered explosive was detonated outside the Czechoslovak section of Radio Free Europe in Munich, causing millions of dollars of damage. Fortunately no lives were taken, but a number of people were injured.

The CHAIRMAN. Thank you very much indeed, Senator Pressler. I have no questions because we still have another panel.

Senator SIMON. I have one quick comment. My colleague from Kentucky was criticizing your Usbeck broadcast. My criticism would be, frankly, that we ought to be reaching out in more languages rather than what we are doing right now. Thank you.

The CHAIRMAN. Thank you very indeed, Senator Simon.

Now we come to our second and last panel, public witnesses on the USIA request, Mr. Norman Painter, president of the AFGE Local 1812, and Mr. William Woessner, president, Youth for Understanding, on behalf of the Liaison Group on International Educational Exchange, if they would come forward.

I thank Mr. Forbes, Mr. Pell, and Mr. Wattenberg very much for being with us.

[The information follows:]

Section 8(b) of the Board for International Broadcasting (BIB) Act, as amended, provides that excess funds, resulting from upward fluctuations in foreign currency exchange rates, may be made available to the BIB to cover foreign currency losses.

Mr. SIMON. While these witnesses are coming here, I am not going to be able to stay to hear these two witnesses, but I have read the testimony of Mr. Painter, and the one specific item in connection with Radio Marti I hope our staff can investigate and take a good look at clearly is, if the testimony is accurate, it is not the kind of thing that certainly I intended or we intended with Radio Marti.

The CHAIRMAN. You are referring to an interview with President Reagan?

Senator SIMON. That is correct.

The CHAIRMAN. We will do our best to follow up.

I would ask the two wtinesses if they could limit themselves to about 5 minutes. First Mr. Painter, and then Mr. Woessner.

STATEMENT OF NORMAN W. PAINTER, PRESIDENT, AFGE LOCAL 1812; ACCOMPANIED BY CHARLES SPENSER, GENERAL VICE PRESIDENT, AFGE LOCAL 1812; AND FRED SCHWARTZ, STAFF ASSISTANT, AFGE LOCAL 1812

Mr. PAINTER. Thank you, Mr. CHAIRMAN.

I have with me today Charles Spenser, who is executive vice president of local 1812, and Fred Schwartz, who is our staff assistant.

I understand that my written testimony will be in the record.

The CHAIRMAN. It will be in the record in full.

Mr. PAINTER. I will limit myself to some briefer comments. What is happening at the U.S. Information Agency is typical of the current administration. USIA is one more example of the way this administration's managers treat Government employees. Managers at USIA violate the law, break the rules and existing regulations, and ignore and violate the union contract.

Mr. Chairman, these actions violate both the spirit and the letter of the laws which Congress has passed. What type of signal does this send to the dedicated employees who we represent—and this is why we are here—those employees who work hard to promote the mission of the Agency and seek to fulfill the standards of professionalism defined by the Agency.

Finally, when the union appeals a complaint to third parties outside the Agency, for example, the Federal Labor Relations Authority, their attorneys, Mr. Chairman, under guidance of their political appointee director as part of this administration ignore the basic facts of the ULP, namely, that a manager broke the law, a specific law, 5 United States Code 7116, for example, and they search until they find a technicality on which they can then base their dismissal of the case.

The executive branch of Government is not, therefore, effective in the search for justice. Deeply entrenched power interests go for the largest piece of the pie. Federal employees get the crumbs.

The cases cited in pages 4 through 9 of my written testimony, which I will omit to save time——

The CHAIRMAN. The full testimony will be put into the record.

Mr. PAINTER [continuing]. Thank you. Are only a few examples of the abuses of the employee. The situation of Radio Marti offers the best insight into just how bad things can get for employees when poor managers manage very poorly. In addition, the Radio Marti situation has consequences, of course, for the Agency itself and even for the Nation. Poor management of Radio Marti seems to be the main problem, and it results in part from political meddling.

Mr. Chairman, I believe that one incident both summarizes and symbolizes the problem of unprofessional management of Radio Marti, and that was the production and broadcasting to our audiences in Cuba of a faked interview with President Reagan on regional issues. As you know, the original authorization for our Cuba service clearly specified that the service must adhere strictly to the Voice of America charter, which sets a high standard of journalistic professionalism which indeed the employees are required to fulfill and they do fulfill, but we are talking about managers now.

What actually happened in June 1986, was reported by the director of Radio Marti himself, Mr. Ernesto Betancourt. His words, Mr. CHAIRMAN, are on pages 12 and 13 of the written testimony, and it will take another minute to a minute and a half. I would like to read this also at this time.

The CHAIRMAN. All right.

Mr. PAINTER. Thank you, sir. I quote:

> Mr. Betancourt explained that the then White House correspondent for Radio Marti was very upset about the fact that Mr. Betancourt conducted the interview instead of the correspondent. He said it was really designed to be a statement of U.S. policy from the President on areas of interest to the Cuban people. The format could have been a speech or an interview. It was originally going to be done after Geneva in November 1985 or on the anniversary of the invasion of Grenada, but had to be postponed.
>
> Because the interview covered foreign policy areas involving Commerce, State, and other agencies, the National Security Council had to clear the questions and prepare the policy answers. Mr. Betancourt, Dr. Madrano, Mr. Betancourt's deputy, Mr. Mallin, director of the news department, Mr. Silva, deputy director of the news

department, all helped to prepare the questions, which were then passed to the National Security Council.

He recalled that some questions were adjusted slightly to correspond with the policy statement. This was not surprising to Mr. Betancourt since some of the questions involved very serious and complicated matters. Mr. Betancourt, Mr. Mallin, and the White House correspondent all went to the White House for the interview. Only Mr. Betancourt as the senior member of the delegation asked the questions. The President only read the first two or three lines of the answers for time's sake. Then the rest of the answers were ultimately broadcast in Spanish.

Mr. Betancourt emphasized that this was a completely legitimate way of doing the interview and that the involvement of he National Security Council was normal and reasonable.

That interview with President Reagan was a sham, Mr. Chairman, and was misrepresented to audiences in Cuba. Both the questions and the answers were provided by White House staff, as the statement says, and with National Security Council involvement. And that is what passes for professionalism at the managerial level of Radio Marti. That kind of behavior has far-reaching implications for our credibilty and for our image as a free and democratic country.

It is also an example of the double standard used between managers and employees. Employees would not attempt to do that. If they were to attempt to do that they would get the treatment.

[The prepared statement of Mr. Painter may be found in the appendix.]

The CHAIRMAN. Thank you very much indeed. You testimony will be in full in the record, too. We will come back to questions in a minute if we may.

Mr. Woessner.

STATEMENT OF WILLIAM M. WOESSNER, PRESIDENT, YOUTH FOR UNDERSTANDING, ON BEHALF OF LIAISON GROUP ON INTERNATIONAL EDUCATIONAL EXCHANGE, ACCOMPANIED BY NORMAN PETERSON, EXECUTIVE SECRETARY, LIAISON GROUP

Mr. WOESSNER. Mr. Chairman, good morning. It is a pleasure to be here. May I introduce Mr. Norman Peterson, who is the executive secretary of the Liaison Group.

Sir, I am a newcomer to the field of international exchange here in Washington and to the world of budget hearings, but I am not a newcomer to the impact of our public diplomacy and especially our exchange programs overseas. Like yourself, sir, I am an alumnus of the Foreign Service. I was 30 years in the Foreign Service, and although I was a political officer much of the time, I worked closely with the U.S. Information Agency overseas, particularly on exchange programs.

My last 6 years abroad were in Germany, where much of that time I was deputy to a distinguished American, Dr. Arthur Burns. Dr. Burns and I were very concerned during our years in Germany and since with what has been referred to earlier today as the information deficit and the drifting apart of generations. We felt a need to do something to improve exchanges with young people around the world, and applauded the introduction of the Congress-Bundestag program as landmark legislation. My own experience is that Europeans tend to know a great deal about the United States but much of it is misinformed, and distorted either by sensational media or by ideological bias, and many Americans, I am afraid, do not know nearly enough about the outside world. There is just no substitute for the firsthand experience that exchanges bring. I know I am preaching to the converted when I tell you that.

Without repeating the testimony, which I understand will be entered into the record.

The CHAIRMAN. It will be entered in full in the record.

Mr. WOESSNER. Thank you. I would just like to make a few supplementary points. One is that these programs are really very cost effective. The amount of money that is involved for the yield they give in terms of international understanding makes them very worthwhile. Young people who have once had the experience of living abroad and studying abroad have really a lifelong inoculation against stereotype and distortion. The case for youth exchange has been made most eloquently by Tom Tuch, and I ask that his article in the New York Times of October 18, 1976, be entered in the record.

[The article referred to appears in the appendix.]

Mr. WOESSNER. In our specific recommendations in the testimony one of the things we ask is that particular attention be paid to the Division of Student Support Services, and also to the Office of Youth Exchanges, that they be enhanced and protected, and I was reassured by comments that both you and Senator Simon made earlier that that is in fact the case. Lest it sound too self-serving, let me say simply that Youth for Understanding, the organization of which I am president, receives only 6 percent of its budget from U.S. Government funds. It is largely financed out of the private sector.

Another important factor too often overlooked, and it is true of many of the organizations in the Liaison Group, is that we are volunteer based. We rely on the volunteer services of Americans, and as my wife and I have traveled around the United States meeting volunteers, we have really been humbled. If you see how they open their hearts and their homes to foreign students, there is no price tag you can put on that. That is not a budget line item.

I will not go over the details of our testimony. We do appreciate that you have reaffirmed the determination to go ahead with the full realization, implementation of the Pell amendment. We also make some points about removing some disadvantages for foreign students that came about as a result of tax legislation, disadvantages that we believe were not intended. But basically I want to thank you, sir, for your personal lead, and consistent support over these many years, and to this committee, and to pledge you our full cooperation in that effort. Thank you.

[The prepared statement of Mr. Woessner may be found in the appendix.]

The CHAIRMAN. Thank you very much, Mr. Woessner, and I am aware of your organization, which does a fine job, and it is organizations like yours that can supplement the equally good job that the USIA is seeking to do in the same field of exchange, and I am very glad you are heading it up in the private sector portion of it that you are.

Mr. WOESSNER. Thank you.

The CHAIRMAN. Mr. Painter, I was a little bit concerned by the statement, and I want to be sure I understood it, in your written testimony in connection with that interview with President Reagan. You say that the questions and answers had been written out by the NCS, and that the interviewer, the head of it, Mr. Betancourt, merely repeated the questions and answers and the President would reply answering the initial sentence, and the rest would be dubbed in in Spanish. Is that what you said? Do I understand you correctly?

Mr. PAINTER. Yes, sir. I was reading Mr Betancourt's own words, sir. That was in the quotation.

The CHAIRMAN. This would seem very odd, because I do not think this adheres to the VOA standards of credibility. I think we still have somebody from VOA—Mr. Carlson. Mr. Carlson, could you be kind enough to—maybe, Mr. Woessner, your assistant could move.

Mr. CARLSON. Mr. Chairman, my name is Richard Carlson.

The CHAIRMAN. Right. What I was curious about, whether you believe an interview with th President in which the questions and answers are written by the National Security Council and where the President does not actually answer really should be presented to the Cuban people as a bona fide interview, and would this be consonant with the established standards of professional journalism, journalist ethics, particularly with the VOA, which has, I think, singularly high and good standards and record?

Mr. CARLSON. We do have very precise and careful standards, Mr. Chairman. As regards this particular situation I am generally familiar with it; however, when it comes to specifics, Dr. Betancourt may be better able to respond to your questions because he was a participant in the interview.

The CHAIRMAN. Maybe it would be good if Mr. Betancourt came forward. Mr. Betancourt? Is he here? Yes, could you come forward, please? Thank you.

Mr. Woessner, I again have to demote you. It is nothing personal. You are doing a fine job. I do not think there will be any more questions directed at you.

Mr. CARLSON. May I say that it is my understanding, Mr. Chairman, that this was a foreign policy statement made by the President. In the testimony that I just read about 20 minutes ago, it was mentioned that there was a voiceover done in Spanish, and, as I understand it, the President's voice was turned down and a translation was offered simply for the obvious reason that the interview was being broadcast to Cuba. There was no pretense involved in the presentation of this programming; Dr. Betancourt conducted the interview with the President and helped prepare some of the questions. The President then offered his views as he would do in a speech about foreign policy. I do not know whether his responses were prepared by him, his Presidential staff, or National Security Council. Dr. Betancourt indicated to me at the time they were written by the National Security Council. That seems to me to be proper as long as the interview was not presented as a news conference or something other than what it was, questions by Dr. Betancourt, statements by the President. Perhaps I ought to let Dr. Betancourt review the circumstances.

The **Chairman**. Is there—there is probably still a tape extant from that.

Mr. **Carlson**. I would imagine that there is a tape or a transcript.

The Chairman. That's right, or a transcript which could answer the question.

Mr. **Carlson**. And we would be glad to get that for you.

The **Chairman**. But is it a—was it portrayed as a normal question-and-answer interview or was it the Cuban people on notice that this was a formal foreign policy presentation?

Mr. **Betancourt**. Mr. Chairman, unfortunately, I have not been able to see the full text of the testimony because I was not in the room, but basically I can explain the events as they developed. There was an interest in having a statement of foreign policy as it relates to Cuba in relation to several matters of particular interest to our audience. In view of that we did prepare a set of questions which we wanted to have answered which we felt would be topics of certain interest to the Cuban audience.

This, as is normal in any statement by the President, has to be cleared for foreign policy implications by the people in the National Security Council. To give you an idea of some of the issues, the Cuban government is constantly mobilizing the Cuban population in response to a possible invasion by the United States. This is naturally a cause of anxiety for people in Cuba because they feel that at one time or another this may happen.

Now, to answer a question like that is not something that you can do in an impromptu answer. It would require on the part of the President to have clearance by the different agencies of the Federal Government that are involved in this matter, such as the State Department, the Defense Department, CIA, and so forth. So it is for that reason that this was necessary to have it cleared by the National Security Council. They were the ones who prepared the answers. All we did was to tell them, these are some of the topics that we consider are of interest to the Cuban audience in the relationship between the United States and Cuba that may be addressed by the President in this conference. Now, as to the question of the format to be utilized, it could have been a statement by the President, like a speech, which he made in January 1984 to the Cuban people. We considered that there were two ways of presenting this information from the President. One would be following the same pattern as before in a speech format, and the other would be to make it more interesting and have it in the form of a series of questions and answers on these topics. The decision was to follow the second format, and that is what was done.

The actual broadcast itself, I mean, the first few lines of the answer was in English since this was to be voiceover, then this was phased out and the full text was read in Spanish by one of our announcers. There was no sense in having the full interview recorded in English because it was never to be broadcast in English.

The **Chairman**. I appreciate the answer. You have answered it quite thoroughly. In other words, this was—your thought was to get across to the Cubans various aspects of American foreign policy, doing it in this rather spectacular way of having it in an interview format with the President. Would that be correct?

Mr. CARLSON. Yes, sir, and to make it more interesting programmatically.

The CHAIRMAN. I guess the question from a journalistic, ethical viewpoint would be whether it was presented as a spontaneous interview or whether it was given as a statement of foreign policy, and that only the transcript would show.

Mr. CARLSON. I regret to say I have not seen the transcript, sir.

The CHAIRMAN. Am I not correct in saying there were certain journalists in VOA who objected to this procedure?

Mr. BETANCOURT. No, sir, there was no objection to this procedure. The only question was, who asks the questions, and the White House correspondent felt that she was going to ask the questions. She was disappointed that the questions were to be asked by me rather than by her, but on the substance of the procedure nobody raised a question because it was very clear, and in some cases we have to follow this approach. Another case in which we did something like this was in relation to the immigration regulations. We interviewed the Office of Cuban Affairs in the State Department to explain to the Cuban listeners how they could take advantage of the new regulations that were enacted last August on how to make a request for a visa to the United States.

There is no other means by which people in Cuba can get this information, because in other countries we can put an ad in the paper or issue a press release by the Embassy. In Cuba there is absolutely no means by which people can be informed, so the format was again the same. We conceived a series of questions that would be of interest to the listener and then the person from the State Department, who in this case spoke Spanish, gave the full answers in Spanish so that the listener could understand how to proceed in order to get a visa to the United States.

The CHAIRMAN. I would like to ask Mr. Painter his reaction to this, because I noticed in your written testimony you say career professional journalists at VOA and Radio Mart are rightly indignant at the way Radio Marti's managers are treating VOA's hard-won charter, et cetera. It seems to me there is a reasonably good explanation made by Mr. Betacourt and Mr. Carslon. What would be your reaction?

Mr. PAINTER. Mr. Chairman, we stated correctly there that the different editors and broadcasters to whom we talked were appalled, the word "appalled." And they say, and that is quoted there by an unnamed staffer, would absolutely refuse to do this with anyone, refuse to carry it on the air if it were brought to him taped or in written answer. I would like to point out that Mr. Betancourt a moment ago said again what I quoted. The National Security Council had prepared the answers. That was our understanding in the first place. And now he spoke also again, as we have in our written testimony, that they considered whether to do it as a speech, a foreign policy statement, or whether to do it as an interview.

The point that I was trying to make and I continue to make is that when the interview format was chosen, the idea was to make it appear to the Cuban audience that it was spontaneous, and I submit, sir, that it was not. That was misleading, and that was what I mean by talking about credibility.

The CHAIRMAN. In other words, it was a staged interview.

Mr. PAINTER. Yes, sir.

The CHAIRMAN. And probably not the first staged interview, but—

Mr. PAINTER. I doubt that it was the first.

The CHAIRMAN [continuing]. We hope it is the last. Yes?

Mr. CARLSON. May I respond to something Mr. Painter said and also has in his written testimony, which is the citation of indignation on the part of VOA reporters and Marti reporters. That is that they were indignant, "rightly indignant" is the way he phrased it. I had never heard any expression of indignation of any kind until Mr. Painter became involved in the case of Annette Lopez Munos. It is my impression that that is where this was generated. It strikes me as reasonable that if it were Mr. Painter and those from the union who posed the questions in the way that they characterized them here, if, for example, they ask reporter, "What do you think of the fact that Marti has faked an interview or staged an interview?" which are the words that Mr. Painter uses, I can imagine there would be indignation. But I do think that if it were Ernesto Betancourt who carefully explained to those who asked, and no one ever asked, exactly what the point of all this was, then there would not have been the same indignation that Mr. Painter experienced.

The CHAIRMAN. Let us agree that in the future there will be no more staged interviews? Could we——

Mr. CARLSON. Well, I am opposed to staged interviews, and the Voice of America does not stage them, Senator, to my knowledge.

The CHAIRMAN. This meets the definition of a "staged interview," so let us presume this is the last one under your management.

Mr. CARLSON. Well, I would hope we could look at the circumstances of the interview.

[The information follows:]

UNITED STATES INFORMATION AGENCY,
Washington, DC, March 25, 1987.

DEAR MR. CHAIRMAN: I would like to comment of the testimony of AFGE, Local 1812, before your committee on March 17, 1987. The union's testimony appears to be more rhetoric than fact, in our view, and certainly represents a selective recounting of relevant events.

The relationship between the Agency and AFGE, Local 1812 is basically a healthy one in which disagreements between the parties are resolved routinely through negotiation and compromise. For reasons unknown to management, an aberration occurred in this relationship during the period October 22 through November 17, 1986. During this 27 day period, the union filed 6 unfair labor practice charges and one institutional grievance against the Agency, all alleging that management had violated the union's rights in one respect or another. Prior to this spate of litigation, the union had not filed a formal charge against the Agency or taken a case to arbitration in more than two years.

Three of the cases were filed against USIA management and four against VOC management, one of which concerned the Radio Marti Program. None of the unfair labor practice charges was justified in the Agency's view; and, indeed, the Federal Labor Relations Authority (FLRA) dismissed one and the union withdrew the other five after discussions with FLRA investigators. The institutional grievance was quickly settled by the parties.

The situations described by the union in points 1, 2, and 3 of its testimony (pages 4, and 5) were all resolved. The union *withdrew* its unfair labor practice charges on the first two (typically an indication that the FLRA has advised the union that the cases have no merit), and the third, the institutional grievance, was settled quite amicably. This grievance involved the approval of a number of "outstanding" performance appraisals which had been held pending the resolution of technical problems. The appraisals were ultimately approved, and all parties appeared to be satisfied. The union did not pursue this case to arbitration, as would have been its right had it not been satisfied with the resolution.

The AIDS testing issue is one that is currently plaguing medical and legal experts in every corner of the glove. The Agency supports the decision of the Department of State to include an AIDS test as part of the periodic physical examination required for all Foreign Service employees, just as they are and have always been tested for other life-threatening illnesses. This matter is currently the subject of litigation, and any alleged invasion of employee privacy in this regard will be resolved by the courts.

With respect to the alleged "deceit" by USIA management, the negotiation of Reduction in Force regulations and Furlough procedures are routine personnel policies that are negotiated by every agency in the Federal Government. The budgetary restrictions imposed on the Agency in the last two years have required a review of the cost-effectiveness of every element of the Agency. Reductions in operations to meet budget goals have necessarily resulted in the dislocation of some employees.

We have assured the union that we will employ Reduction in Force and Furlough procedures as a last resort, should alternative methods of reducing costs not be successful. To date, no status employees have been involuntarily separated as a result of the budget reductions and position cuts. In the case of the Photo Lab, several employees retired, and the others were placed elsewhere in the Agency with saved grade and pay benefits. The Agency has also offered reassignments to the two employees affected by the scheduled closing of the New Orleans Reception Center. We have struggled to meet our goals, instead, through an agency-wide hiring freeze which has been in effect since April of 1986 and through attrition. We have also taken the regrettable step of reducing programming in some areas, as evidence by the elimination of more than 130 hours of weekly broadcast time at the VOA since the beginning of the fiscal year. If a Reduction in Force or Furlough becomes necessary, we will certainly meet all of our legal and regulatory obligations to the union that represent our employees.

VOA management is aware of employee and union concerns about the personnel situation at the Radio Marti Program. It is for this reason that in December of last year, VOA Director Carlson appointed a committee to conduct an objective employee-relations review of the Radio Marti Program. This team is comprised of three individuals who are known for their fairness, objectivity, and in-depth knowledge of the administrative rules and regulations that govern our organization.

To date, the committee has interviewed more than thirty-five employees and managers of the Cuban Service and expects to interview at least ten more before completing its review. We expect its report and recommendations by April 15. The committee has coordinated its efforts at all stages with the union, and thus far the union has raised no objections to any aspect of the committee's work. It should also be noted that the unfair labor practice charge referenced on page 11 of the union's testimony, which alleged management intimidation of Radio Marti Program staff, was withdrawn by the union on February 25 of this year. Although we believe the charge to be groundless, the committee is, nevertheless, considering it in its review.

The Agency has already responded publicly to the charge that the Cuban Service interview with President Reagan was conducted improperly. I have enclosed a copy of the March 17, 1987, statement which explains our position in this regard.

Thank you for the opportunity to comment on the union's testimony and to set the record straight. Please do not hesitate to contact me if we can be of further assistance to the Committee.

Sincerely,

CHARLES Z. WICK,
Director.

The Chairman. Why is this not a staged interview?

Mr. CARLSON. Well, if it were put forth as a spontaneous interview that would be one thing. I admit I have not read the transcript and was not aware of this being a subject today. It does seem to me key to read the transcript and know whether it was put forth as something that was spontaneous. If that is the case, then it would certainly in my mind be a staged interview. If not, if Ernesto Betancourt was identified, then I think that mitigates it.

The CHAIRMAN. Mr. Painter.

Mr. PAINTER. Senator Pell, I am not at all surprised, and I am sure Mr. Carlson is speaking the truth when he says he has not heard any comments like this. One of the greatest frustrations the union has in attempting to comply with the obligation to represent career employees in 5 United States Code 7114 as we try to represent the employees, one of the greatest frustrations we have is listening to their story, seeing documentary evidence sometimes, and then when we are ready to move which would bring it to the attention of the managers they are afraid. It is the intimidation from management and USIA that prevent these things coming out into the public domain more often. We have to finally destroy those records because we will not move on a case without the employee's permission.

The Chairman. I think that is getting a little off the subject. I know my door, our door down here is always open, and I think we have probably pursued this long enough for the moment. I do believe that the VOA—that some criticism can be addressed to the VOA, but I would also agree with Mr. Carlson that it depends a little bit on how the interview was presented. I cannot imagine that it was presented in any other way than as an interview, supposedly spontaneous, because I cannot imagine the transcript will show we will now give a—what would be the phrase? A regular interview, I guess, would be it. I cannot believe that the transcript will show that. But we will look it up and see. And I thank you. You can retreat, Mr. Carlson, at this point. Thank you, Mr. Painter. We will go through the testimony and we will try to follow up to the best of our ability.

Mr. PAINTER. Thank you, Senator Pell, and I hope you will read our suggestions on page 16 and take note there of some of the things that we believe will help. If we take the independent personnel and the administrative departments out of Radio Marti and put them back under one administrative personnel directorship we might be able to solve some of the problems, and then they would not be using favoritism in the excepted service appointments and avoiding merit promotion procedures. Since we represent these employees, we hope you will pay some attention to that, and we thank you on behalf of the employees for letting us testify here today.

The CHAIRMAN. Thank you very much.

Mr. CARLSON. With your permission, sir, I would like to respond in writing to the various allegations made by Mr. Painter in his statement. I am sorry I am not better prepared to face each of them head on here.

The Chairman. But you will respond in writing. Thank you very much indeed. Try to get them in within 3 or 4 days if you would. The meeting is adjourned.

[Whereupon, at 12:40 p.m., the committee was adjourned, to reconvene upon the call of the Chair.]

U.S. CONTRIBUTION TO THE UNITED NATIONS

THURSDAY, MARCH 19, 1987

U.S. Senate,
Committee on Foreign Relations,
Washington, DC.

The committee met at 10:02 a.m., in room SD–419, Dirksen Senate Office Building, Hon. Claiborne Pell, (chairman of the committee,) presiding.

Present: Senators Pell, Sarbanes, Moynihan, Helms, Kassebaum, Pressler, Trible, and McConnell.

The Chairman. The Committee on Foreign Relations will come to order.

The ranking minority member, Mr. Helms, has asked me to get underway. He was called to the majority leader's office and will be with us shortly.

In view of the fact that General Walters is on his way here, maybe Mr. Keyes would care to get started with his testimony. Then, when General Walters arrives, you can retreat and then come back.

Mr. Keyes.

STATEMENT OF HON. ALAN L. KEYES, ASSISTANT SECRETARY OF STATE FOR INTERNATIONAL ORGANIZATION AFFAIRS

Ambassador Keyes. Thank you, Mr. Chairman.

Mr. Chairman, if there is no objection, we have submitted a written statement.

The Chairman. It will be inserted into the record as if read. I would appreciate an abbreviated statement.

Ambassador Keyes. Thank you.

I thought what I would like to do is to address briefly, if I may, the general issue that is raised in my written statement with reference to the work that we have done over the course of the last year in the United Nations to forward the process of reform, as mandated by the Kassebaum amendment.

As we all know, due to strong congressional concern about the situation in the United Nations, particularly with regard to the budget decisionmaking process, we were mandated by the Kassebaum amendment to seek changes in the way the decisions are made on the U.N. budget, which would increase the influence and leverage of major donor countries like the United States.

Though it was a difficult process, I believe that we made a major advance in that respect at the conclusion of the last General Assembly in which, as is outlined in my written statement, the United Nations adopted a series of reforms. The central feature was a reform in the decisionmaking process which would move the system from a majoritarian-based decisionmaking process to a consensus-based decisionmaking process, which would assure that the views of the United States and other major contributors to the organization are not simply ignored when important decisions are made as to the size and the priorities within the budget, as well as add-ons that can be made to meet contingencies in that budget.

I have had occasion to speak with some of you and with other members of the Senate and the House about this problem and about the success that we have achieved and the challenge that it poses to U.S. policy today.

It was important to us because we share the strong congressional concern about the need to improve the way the U.N. operates as well as the need to improve the position of the United States within the organization.

We believe that we have made strides in that direction. The question we now face is whether we will be able, with the support of the Congress, to consolidate those advances and make use of them in order to achieve further improvements in the United Nations system.

For us, the question is not and has not been simply a question of doing what is good for the United Nations, it has been a question of trying to promote a situation in which the United States would be able to achieve an improved position within the organization.

The challenge that we now face, particularly the Congress, is the question of whether we will be able, by returning to our normal assessed levels within the organization, to consolidate the success we have achieved and translate it into an important improvement in U.S. leverage.

The question that we face in these difficult budget times, is why should we be interested in consolidating the success? Why is it that the position of the United States in the United Nations is important to us, especially when we face critical budget choices in other areas?

I think that the overall situation of the budget with regard to foreign affairs is exemplified in the problem that we face in the multilateral accounts that we will be addressing today.

We have a situation where, as a result of a combined effort between the Congress and various parts of the executive branch, we have achieved a success for the United States in the foreign policy sphere. However we are in a situation where the budget constraints that we are faced with put us into a position where it is quite possible that we might jeopardize that success, as we try to make choices between competing priorities.

I would note that those competing priorities often represent interests that are important. It is important to note the difference between the foreign affairs budget in general and the international organizations part of it including some of those other concerns. The kind of work that we can do in the United Nations is work that is important to the country, as a whole, regardless of what interest group one might be part of. It is important to all of the people of this country that the United States be effective in international forums and that we have an effective and sound foundation for advancing, promoting, and defending our interests in the international arena.

Very often, the most important challenges of statesmanship are those challenges which require that we look beyond the various and assorted diverse interests that we are called upon to serve, and think hard about what is necessary in order to promote and advance the interests of our country as a whole.

I think that the United Nations is a forum in which those interests are peculiarly at stake.

They are peculiarly at stake because, when you look around this country, you see many different kinds of people of many ethnic backgrounds with all kinds of interests. There are people doing different sorts of work and reflecting different views. It must often occur to us to ask ourselves what it is out of all that diversity that makes us one nation, one people.

We are not like a lot of countries, where you can see one ethnic group, where you can find a religious affiliation, where you can see a common language, a common background, a common heritage. We are a people that is peculiarly bound together, especially by our adherence to certain values and principles, and by the belief that those values and principles make an important difference not only for us but for all the people in the rest of the world.

I know from my experience in the United Nations that within U.N. forums we face challenges to those common values and principles and that we are called upon in the most explicit fashion to defend and promote those interests against adversaries who very often wish to corrupt them and tear them down.

This is why it is especially important that we be effective in those forums, because it is in those areas that we are defending that which we hold in common, that which transcends our identity as diverse individuals and groups and which goes to the heart of what makes us a nation.

The challenge that we are facing as we discuss the various details within this account is the challenge of remembering the overall commitment that we all must have, and of trying to retain somehow the special place which these concerns should have. This is not just as we try to serve people as diverse groups, but as we try to serve the people of this country as a whole.

I wanted to introduce that note to start out this discussion so that we can see that what we face here is not just a challenge as officials and bureaucrats, or even as politicians. What we face is an important challenge as statesmen and whether we are willing to meet that challenge in a way that is going to correspond to the very general and profound and fundamental interest that is at stake.

Thank you, Mr. Chairman.

[The prepared statement of Ambassador Keyes appears in the appendix.]

The CHAIRMAN. Thank you very, very much, indeed, Mr. Keyes. I am very glad indeed to welcome all of our witnesses here today, General Walters, you, Mr. Keyes, and others.

As I have often stated, I remember being present at San Francisco, at the signing of the charter, working in the Secretariat at that time. My boss' boss' boss was Alger Hiss, as I recall it. I remember all of the great hopes and expectations that we had for that fledgling organization that grew out of the ruins of World War II.

While the U.N. has not met all of the goals we set for it in those early days, it remains the only institution where representatives from around the world can regularly air their views in an orderly fashion.

Further, the specialized agencies of the U.N. perform tasks, such as the WHO coordination of the antismallpox campaign, as the IAEA's monitoring of nuclear powerplants, which could not really be done by individual governments. These are critical tasks.

The time has come to restore our own commitment, I believe, just as Mr. Keyes has said, to the purposes and goals of the U.N. Despite its many accomplishments, the U.N. remains an underutilized resource. But it is a resource of vast potential. It has made great strides toward putting its house in order, and those efforts deserve our recognition. The U.N. deserves our renewed support.

I would add here, parenthetically, that one reason for the problems of the U.N., in my mind, has been that this administration, when it first came to office, spent a good deal of time in trashing the U.N. I am afraid those words and those policies sometimes reap the results of themselves at this time.

I agree with Mr. Keyes that the values and principles of the U.N. and of ourselves very often are in common. I would like to think that a belief in law, though not always practiced by us as we withdraw from the International Court of Justice, but a belief in law and a belief in certain common principles will guide us.

I am particularly glad to welcome General Walters here, whom I have long known and admired. I think he is doing an excellent job as our Ambassador to the United Nations.

Senator MOYNIHAN. Excuse me, Mr. Chairman, but might I make a statement before we hear from our Ambassador?

The CHAIRMAN. Oh, I'm sorry, certainly.

Senator Moynihan has had more experience than I have, indeed more than any of us on the Hill have had, in this area because he was in Ambassador Walters' job for a long time, having served as our Ambassador to the United Nations.

Senator MOYNIHAN. You are very kind, Mr. Chairman.

I want to take this opportunity to welcome General Walters, who is such an extraordinary public servant and such a determined public servant. It is very clear that he is never going to find time to write his story and someone is going to make a fortune writing it for him.

Just think of all of these "shave-tailed" lieutenants, who, having served 16 months in the Army, want to write the saga of their military careers and pick up God knows how much for it.

Senator Pell knows well, because he was active in those days, that General Walters' career goes back almost to the beginnings of the role of the United States as a genuinely active participant in world affairs. I shall not ever forget that at a meeting of the Alliance for Progress in Brazil in 1962, General Walters was translating for Averill Harriman in five languages. Most people could not translate Averill Harriman into English, but he managed to do it into Portuguese, Spanish, Dutch, and others. He did it effortlessly. [Laughter.]

He has never failed to be of the most extraordinary assistance to our country.

What an honor it is to have such a man present today.

I would also like to say that I was one of the rather few Members of the Senate, sir, who voted against the clear effort by the Senate to have us break our treaty commitments to the United Nations in terms of paying the dues we are obligated to pay.

It always seemed to me that if you thought the United States was paying too much money, you could make an argument for cutting the budget of the United Nations, its associations, or some parts of it, but not an argument for reducing our influence there. Our budget payments are a measure of how important a country we will be.

By a 3-to-1 majority, the U.S. Senate declared us to be a less important country than the rest of the world judged us to be. It did not seem to me to be a particularly patriotic act or a particularly wise one.

On the other hand, that majority got no indication from the administration at that time—which was before your time, Mr. Ambassador—that they had anything but the full and willing support of the administration in this regard.

Ambassador Keyes, who is certainly a respected member of the administration, is even so quoted as saying that "just about any criticism that has been leveled at the United Nations I am in nodding agreement with."

Fine.

But let me tell you what you are going to do today, sir. You are going to come here with Ambassador Walters, in these last days of the administration, and we are going to get a deathbed conversion. It will be a deathbed conversion, Mr. Chairman. The Reagan administration is going to discover that international law and international organization are, after all, things in which the United States has an interest.

And it is about time.

I do not say this to you, General. I want no apologies from you, sir, on anything. You have been such a spectacular public servant. But I hope there will be a little bit of humility as they ask us for the full U.N. budget contribution finally. There are those of us who have said we will try to get it from all those people who thought they were doing what you wanted.

Thank you, Mr. Chairman.

The **Chairman**. Thank you very much, Senator Moynihan. You have expressed eloquently and articulately my own thoughts. I share every one of the sentiments you have expressed.

Ambassador Walters, please proceed.

STATEMENT OF HON. VERNON A. WALTERS, UNITED STATES PERMANENT REPRESENTATIVE TO THE UNITED NATIONS

Ambassador **Walters**. Thank you, Mr. Chairman. I am very happy to have this occasion to be here. I must say, quite frankly, that I was very moved by what Secretary Keyes had to say. I fully endorse what he said as to what the United Nations represents for the things that bind us together as a people, which go beyond race, religion, or any of the other appearances that make us one people.

I am afraid that I may be a little bit repetitious to what you have said, Senator, and thank you for the kind words you have said. I must say if I were to say that it is not pleasant to hear such words from one's predecessor, I would be lying.

Senator Moynihan, too, has been around for an extraordinary period of time and has watched the world scene from so many different positions of extraordinary advantage. Today he brings that great experience to the service of the whole Nation as the Senator from New York. I thank you for your kind and gracious words, Senator.

When I was appointed as Permanent Representative to the United Nations, it was made clear to me that my instructions were to restore the United Nations and not to destroy it. I believe, quite frankly, that we have made substantial gains in carrying out this mandate.

The United States achieved a major success at the 41st General Assembly by gaining approval of a program of administrative and budgetary reform. I believe that this momentum for reform in the United Nations deserves our strong support.

The United States can and should continue to take a leading role in the world and this includes multilateral organizations.

The United Nations, like the Marshall Plan, was born in a time of suffering, hunger, and sorrow, at the end of World War II. It was founded on an idealism that perhaps has not been fully justified by events that have followed. But, nevertheless, it represents a human aspiration that I think we must and should support.

It goes back almost to the time of President Truman, who, as you know, made a strong commitment to the role of the United States participating in the world to avoid the scourge of war that had twice devastated the world in the lifetime of the signatories to the U.N charter.

I have served a number of Presidents since then, and I have found them very steadfast in their commitment. It was my privilege to serve President Eisenhower for an extensive period of time. He, too, was very sensitive to the importance of the United Nations.

I think I would almost say this is one of the areas in which we still have bipartisan support for a foreign affairs item; that is, in the support of the United Nations, which is in the overall interest of the United States rather than any particular group of Americans.

In addition to the reform, we made progress in achieving United Nations support for other U.S. initiatives and policies during the last year. For example, the General Assembly adopted resolutions demanding the withdrawal of Soviet troops from Afghanistan and Vietnamese troops from Cambodia. It endorsed the U.S. disarmament initiatives on chemical weapons and compliance with arms control agreements. It criticized the human rights situation in Afghanistan and Iran, endorsed a United States initiative on entrepreneurship, implicitly endorsed the United States approach to Third World debt, drew attention to the heavy locust infestation in Africa, and endorsed the right to own private property.

We were also successful in eliminating many of the phrases, the so-called nominal condemnations, which criticized the United States by name.

On the negative side, the 41st General Assembly adopted resolutions condemning the United States retaliatory air strike against Libya, calling for United States compliance with the International Court of Justice's decision on Nicaragua and requesting that the United States lift its trade embargo against Nicaragua, and increasing the 1987 budget by $48.5 million, mainly because of exchange rate losses, which, as you know, concerning the value of the dollar have been very severe.

The General Assembly's adoption of reform measures is a crucial development, especially the implementation of a new budget approval process, requiring consensus decisionmaking in the setting of the budget level. This gives major donors a much greater say in how the United Nations spends their money.

The new budget process addresses the fundamental concern of the Congress about the imbalance between the major-contributor minority and the voting majority by assuring that budgetary decisions cannot be made in simple disregard of the views of the major donor states.

These reforms also include substantial cuts in United Nations personnel, tightened control over U.N. meetings, reorganization of the Secretariat and intergovernmental bodies, reductions in staff travel and the use of consultants, plus tighter personnel management.

The Secretary General moved immediately to begin implementing these reforms as soon as they were adopted last December 19. The staff reduction is already halfway toward the target of a 15-percent reduction by the end of 1989, and the Secretary General has cut nine senior-level posts, almost two-thirds of the 25-percent reduction required over a 3-year period.

The Secretary General has also implemented major reorganizations and consolidations in the political and administrative departments, and he has announced his plan to take similar actions regarding the economic, social, and public information departments in the coming months.

The reforms adopted by the 41st General Assembly will put the United Nations on a firmer management footing in order to better serve the interests of its member states. Implementation of the reforms is now in the interest of all member states.

The reforms respond particularly to the concerns expressed by the United States over the past years, involving wasteful spending and the inability of major donors to control such spending.

We must now demonstrate our support for the reform effort and for the United Nations by fulfilling our obligation to pay our assessed contributions, or risk having reform set aside.

The first step is to modify the Kassebaum-Solomon amendment, which currently limits our payment to 20 percent of the U.N. budget, rather than our assessed share of 25 percent, which we have committed ourselves in writing to contribute. As I stated earlier, the new procedures adopted by the General Assembly address the clear intent of that legislation—that major donors have a greater say in how the U.N. spends their money.

It would, however, be premature to remove entirely the restrictions imposed by the Kassebaum-Solomon amendment because the new process has not yet had time to work. Therefore, the administration has submitted a proposed modification of the legislation to permit the payment of our regular assessment to the United Nations, subject to annual certification by the President that the reforms enacted by the 41st General Assembly session are being implemented adequately.

The other necessary step is to assure that needed funding is available. The President's 1988 budget was prepared prior to the enactment of the reform by the 41st General Assembly. Therefore, it is not based on the results of the reform or the proposed modification of the Kassebaum-Solomon amendment.

The administration is committed to seek the additional funding that will be required to bring our fiscal year 1988 payment to the United Nations back up to its normal level. We are now examining the reductions that would be used to offset the required increase.

We have requested the committee to provide authorization for such additional sums as may be necessary to cover our assessment, once requested modification of the Kassebaum-Solomon amendment is enacted.

Let me now turn briefly to the activities of the United Nations voluntary organizations. The administration's request clearly expresses our determination to continue our vital support to these U.N. organizations and is the minimum needed to sustain meaningful efforts in economic and social development.

The UNDP is the most important. While we continue to give it strong support in recognition of its fundamental mission, realistically we have had to diminish the level of our budget request for this organization in line with our own budgetary stringencies. Our support for UNICEF must not be allowed to fall below the level requested because our funding request for 1988 is the bare minimum needed to help sustain valuable UNICEF programs worldwide.

While we were striving within the United Nations to get this reform, we could not, obviously, commit what the Congress would do. But we did commit ourselves to requesting the Congress to restore the full asssessment if budgetary reforms and fiscal responsibility were adopted at the last General Assembly.

I believe it is important to maintain the credibility of the United States in the world. I believe it is important to maintain belief in the good faith of the United States in the world. We are a powerful force and an influence even to people who often vote against us.

How many times have I had people come and say we understand what you are trying to do and we agree with it. But we cannot vote with you because there is this, that, or the other solidarity, community, bloc, or anything else?

But I think it is important that the United States continue to be perceived tomorrow, as it has been in the past, as a nation which lives up to its obligations, which keeps its faith, and shows honest and sincere efforts to participate in what is by many people, rightly or wrongly perceived as the parliament of mankind.

Thank you, Mr. Chairman.

[The prepared statement of Ambassador Walters appears in the appendidx.]

The **Chairman**. Thank you very much, indeed, General Walters. I found your statement and Mr. Keyes' statement quite moving and sincere, although I must add that I concur it is a death bed conversion perhaps a little bit in the administration's general change here.

As you know, I am very sympathetic to the United Nations. I remember in San Francisco, years ago, as we started out, the rule of thumb as we started out was anything that the League of Nations did we should do differently. There was a feeling that we should succeed where it had failed, and there was tremendous hope there.

I remember the months we spent, working for 3 months on articles 42, 43, and 44 of the charter, military enforcement arrangements, a portion of the charter which has never really been used as the Military Staff Committee has never been used.

I remember at Hunter College, before it moved to Sperry, as Assistant Secretary to the Committee of Experts at the Security Council, being a delegate to the Intergovernmental Maritime Consultative Organization, appointed by President Eisenhower, and being with Senator Javits as a Delegate to the General Assembly.

I must say in all these different views of the United Nations, I have recognized its faults. But it made me realize more and more that if we did not have a U.N., we would have to invent one.

I remember, too, in the early days, when the question of where it would go, whether it would go to the Black Hills or somewhere in the Dakotas, or Turtle Bay in New York, or wherever, and my father offered 1,000 acres to the U.N. at that time just a little outside of New York. But they wanted to be in the city, so Secretary General Lie declined.

I am sure that many of my colleagues are as enthusiastic as I am, but I do not think anybody could be more enthusiastic. That is why I regret to see the bad days upon which it has fallen and the fact that we are behind in our statements, in our dues, and that we have really, as a country that believes in law and order, more or less not practiced that. When we withdrew from the International Court of Justice, that was not a compliment to the idea of law and order.

But I do believe that you are very sincere in wanting to see the U.N. strengthened and us fulfilling our commitments.

I will defer any questions at this time because I have used up most of my time with my statement and will turn to our ranking minority member.

Senator HELMS. Mr. Chairman, thank you very much.

I join you in welcoming the distinguished Ambassador and you, too, Mr. Keyes.

I do have a couple of questions for each of you.

First, Mr. Ambassador, is a commendation that is as genuine and emphatic as I can put it for your efforts to bring a balance to the human rights proceedings at the United Nations. I do not want to overstate the case, but sometimes it seems to me that this forum serves largely as a megaphone for the Soviet bloc, allied with various countries to heap abuse on whatever anti-Communist country may be in the news at the moment—Chile, Israel, South Africa, you can go down the list.

But your recent efforts in Geneva to bring a resolution condemning human rights abuses in Cuba deserves special praise, I think. It has not been given a whole lot of attention, certainly not nearly as much as its relevancy would indicate.

I wonder if, for the record, you would spend a moment or so telling how that motion fared in the Human Rights Commission and how some of our so-called allies voted on it and how you put the action together.

Ambassador **Walters**. Senator, I have had some personal knowledge of Cuba. I went several years ago to see Fidel Castro, to see if it was possible to negotiate with this man, if there was any common ground we could work upon.

It was perfectly clear to me that he was an intellectually convinced, believing Communist, who believed it was his role to help spread communism throughout the world.

I think we could have negotiated perhaps the army in Africa or maybe the return of some of the criminals he sent us from Mariel. But in the matter of his determination to maintain his Soviet link, in the matter of his determination to maintain himself as long as he lived in power, and in his deep persuasion and believe, he is convinced. I said to him, "Mr. President, is it true that on June 6, 1960, you said, 'I became a Communist at the age of 17, I am one and will be one until the day I die?' " He said, "Yes, I did."

I said well, then, we didn't push you into that position. He said, "Walters, nobody pushed me anywhere. A careful study of history, economics, and sociology convinced me that Marxism-Leninism offers the only logical explanation for all human history past, present, and future."

I think a story I heard, which was quite amusing, is somewhat applicable in this case.

Shortly after the war, the Queen Mother of Belgium, who was very Catholic and very progressive, at a time when the two were not necessarily found together, was invited by the Polish Communist Government to go to Warsaw. Over some considerable objections in Belgium, she went. The Poles were very pleased. This was the first member of a still reigning family to visit Poland.

She went there and they assigned a young Polish diplomat, who did not have shoes that squeeked and who spoke very good French to take her around. For 10 days they took her around.

At the end of that, they brought her back to Warsaw and said, "Your Majesty, we have left 2 days in the program in case there is something else you want to see." She said, "Well, as a matter of fact, there is. I would like to go to the shrine of Our Lady of Czestochowa, the patroness of Poland." "Oh," they said, "Your Majesty, there has just been a landslide which has carried out the road and the railroad and the airport is under construction." She said, "Oh, I know it is going to be difficult to get me there, and that is why I am going to be so grateful when you do." So, they realized they had to take her.

So, she was walking around all the shrines and she was watching this young Polish diplomat out of the corner of her eye. She noticed that he did not genuflect, that he did not make any signs of the cross. So, when they got out in that immense concrete space where the pilgrims assemble on August 15—and the parabolic microphone had not yet been invented—out of the corner of her mouth she said to him, "Are you a Catholic," and he said, "Believing, but not practicing." They walked on a little bit, and she said to him, "Are you a Communist," and he said, "Practicing, but not believing." [Laughter.]

Well, I think Fidel Castro is both practicing and believing.

As for how the resolution went, I think we were given very little chance of success at the outset. It was a tremendous team effort by the whole U.S. delegation to move people on this. It was an effort by American Embassies in various capitals and so forth to move people on this. I pointed out to them that no one had really given Fidel Castro credit for his greatest achievement, and that is making Cuba the largest country in the world. The administration is in Havana, the government is in Moscow, the army is in Africa and the population is in Florida. I know. I live there. [Laughter.]

We talked to many people and the odds began to change. When they realized that we would win on the substance of the resolution, they arranged to have India present a motion that no action be taken on the U.S. resolution, and the Cubans, of course, put a counter one in on the American Indians, Puerto Ricans, blacks, and other groups in the United States. They also made an extraordinarily vituperative statement about me, accusing me of overthrowing seven or eight governments, of being party to the assassination of Orlando Letelier and of having done various other things. When I was asked for comment, I said, simply, "On the seventh day I rested," because what I had just been credited with could not be performed by any normal human being. [Laughter.]

Well, I called five chiefs of state personally on this issue, to ask them to support us on this issue. I said that it is not a condemnatory issue, but you cannot stand there and pass a resolution on Chile, which has 4,000 exiles out of a population the same size as Cuba, when Cuba has 1,400,000 exiles.

Unfortunately, we lost by one vote, one single vote. There are a number of reasons why some of the people who normally would have voted did not vote with us. They were candidates for some job or they had some private pet project that they wanted to pass, and they feared their vote on this resolution would jeopardize things.

I just wound up by saying what Jose Marti, who was the George Washington of Cuba, said: "A battle lost is a commitment to win the next one." And we are going back again and again, until the world takes consciousness of what has happened in Cuba, which has more political prisoners per capita than any other country in the world.

It is absolutely astonishing that for 25 years they have gotten away with this intact.

I will be back again and again in every forum in which it is appropriate, and we will win the next one.

Senator HELMS. Mr. Ambassador, that is as eloquent a statement as I have ever heard, and I expect that the people who are watching on C-Span or whatever television this is are applauding you. If I hear one thing most of all from the people who write to me all over the country, it is about what they perceive to be our blindness about Cuba.

Now, you have answered my question about Chile.

Ambassador WALTERS. Yes, I have been three times myself to Chile to talk to President Pinochet about the importance of transition to democracy.

Senator HELMS. Well, I am old enough to remember the prelude to Fidel Castro's taking over. All of the major media, you will remember Herbert Mathews of the New York Times, and the late Edward R. Murrow, they addressed many times the question that was raised at that time about Castro being a Marxist. Every time they put it down, saying "Oh, there is nothing to it, nothing to it." Then, as soon as Castro took over, he took up all the guns and he said "I have been a Marxist since I was 16," or whatever, "I am a Marxist now and I will be a Marxist when I die."

I think it is very valuable testimony that you have put on the record this morning, and I congratulate you.

I don't know how much time I have left, but let me try to get into another area. Then I can come back on the second round.

Mr. Secretary, I want to discuss, if I may, the salaries at the U.N.

Am I correct in my understanding that almost everybody on the professional staff level at the United Nations earns more than a Cabinet Officer of the United States, once the income tax situation is taken into consideration? Is that a correct understanding?

Ambassador WALTERS. Well, I think that the U.N. salaries were originally patterned on the U.S. Civil Service in 1945. They have increased since then.

They are considerably above U.S. salaries.

Senator HELMS. Cabinet Officer salaries.

Ambassador WALTERS. Now, living in New York is an extremely expensive proposition. I greatly regret that the residence given to me by the United States has been rented for 44 years. Nearly every other delegation, even those of some of the smaller, poorer countries, have bought residences for their people there to avoid that tremendous problem.

Yes, they do earn a good deal more than we do. If you take our people who are stationed overseas, with the cost of living and everything else, I don't think you could call New York a hardship post, but it is an extraordinarily expensive place to live.

But I believe that this is also partly true in other international organizations. The salaries at the U.N. are higher than ours. I believe right now, with the recent pay raises that American officials have received, they are 17 percent higher than ours. But they are living in a foreign country and under conditions that are not the same as if they were living here. They are about 17 percent higher.

But the salaries that are larger than that for a U.S. Cabinet Officer I believe are paid only to the 83 Assistant and Under Secretaries general, which number is about to be reduced by 25 percent. Under this reform, nine of those vacancies have already been created, and we are halfway to the point of reducing the number of people with that kind of salary by 25 percent.

Senator HELMS. My time is up. I do not want to pick and then leave the subject, so I will come back to it in the next round. These salaries apply to U.N. people——

Ambassador WALTERS. The Secretariat.

Senator HELMS [continuing]. Who are in Washington, DC, as well.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Helms.

Senator Moynihan.

Senator **Moynihan**. Thank you, Mr. Chairman.

Let me first say that I do note that Ambassador Keyes has asked, in effect, that we repeal the Kassebaum-Solomon amendment. As someone who voted against it twice, I am not surprised. I knew the day would come when this administration would be in here, begging us not to do what at election time sounded good. It is called a deathbed conversion. You don't have that much time.

But, General Walters, you will be around forever and the next President will need you, as the last ten have.

I remember a story which I have to tell you, Mr. Chairman. At Wake Island, President Truman was having his great meeting with General MacArthur, and, as usual, General Walters was translating. In those days, you had to ask a President if you could smoke in his presence. General MacArthur got out this great corncob pipe and he struck it up and he started blowing a lot of smoke. He said, "Mr. President, do you mind if I smoke," which he was already doing. Harry Truman said, "Don't worry about it, General. I have had more second-hand smoke breathed at me than any man in American politics," and he proceeded to fire General MacArthur.

Now here you are, back begging us not to do what you wanted us to do. I am not surprised. I knew you would.

What the amendment does is to declare the United States to be a less important country.

But I want to ask a couple of other things.

I wish we would not direct our attention to the question of how much this organization costs, but to whether it does anything good or not. It is a sort of side issue. Of course, we spill that much money on the way to work every morning.

Why do we keep losing votes in the General Assembly, and why can't we change outcomes?

General, in your statement you said that the General Assembly adopted resolutions demanding the withdrawal of Soviet troops from Afghanistan. But they did not say "Soviet," did they, sir?

Ambassador **Walters**. No. They said "foreign forces."

Senator **Moynihan**. Yes, foreign forces. It was unnamed foreign forces, like the Mujahedeen. They did not say "Soviet."

I wish, sir, that that testimony had said that they did not have the nerve to say "Soviet."

This is a very real problem. Why, after all the tough talk we have seen from this administration in the last 6 years, the majority does not have the nerve to state the obvious fact that it is Soviet troops that have invaded Afghanistan, a Third World Islamic country.

Let me ask you something that has really worried me. I think it is a source of our concern here.

For years, in clear violation of article 100 of the treaty, the Soviets have been infiltrating KGB agents into the U.N. Secretariat.

I was U.N. Permanent Representative for 9 months. That was my title. I was there at a time when the highest level Soviet defection took place, when Arkady Shevchenko, the Under Secretary General for Political Affairs of the United Nations, defected to the United States. We kept him in place for about a year and a half, and we learned a very great deal about the Soviet operation.

About half the top-level Soviet employees are KGB agents. Would that be your estimate?

Ambassador WALTERS. I think it is very difficult to know exactly. The policy of our Government is when we know the people are KGB agents or have a KGB record, we do not grant them visas into come to the United States.

Senator MOYNIHAN. Sir, they are all over New York.

Ambassador WALTERS. I'm not saying that we know all the KGB agents.

Senator MOYNIHAN. I see. But Shevchenko was there. We kept him in place. Also, a Soviet lieutenant colonel was the head of personnel in Geneva, where there are more U.N. personnel than there are in New York.

Ambassador WALTERS. I was the Deputy Director of CIA at the time of the Shevchenko situation and do well remember it.

Senator MOYNIHAN. Yes, of course you were.

Ambassador WALTERS. I do not know how, in light of the way the U.N. is organized, we can ask someone and expect him to answer us truthfully, "Are you a KGB agent." When we know they are, we attempt to prevent them from entering the United States by refusing them a visa.

Senator MOYNIHAN. Have we refused anybody lately?

Ambassador WALTERS. Oh, we refuse visas all the time, all the time.

You know, Lenin said that telling the truth is a petty bourgeois habit, but to lie and lie convincingly is an imperative for the furtherance of the revolutionary cause.

Senator MOYNIHAN. Yes, I know what Lenin said.

Ambassador WALTERS. Well, asking them, "Are you a KGB agent"—now, we do not have, as far as I know, though maybe we acquired it since I left the CIA, a total list of the KGB. When we know that there is a KGB or a GRU background, we attempt to prevent them from coming in.

Senator MOYNIHAN. All right. You say that we don't know them. We knew the KGB lieutenant colonel who was director of personnel in Geneva and we did nothing about it. There was a lot of tough talk but no action.

Have we done anything about the Soviet invasion of our telephone systems in New York City? They have made a massive, massive communication invasion.

Ambassador WALTERS. You are getting in a delicate area.

Senator MOYNIHAN. Oh, it's not so delicate. I asked the General Counsel of the CIA about this a while ago, and I asked, "Isn't this an invasion of the fourth amendment right of Americans?" He said "No." I said "No?" He said "No, the fourth amendment only protects you from an invasion of privacy by your own government." [Laughter.]

It seems to me that he went to slightly too good a law school.

The Soviets are up there in New York, listening in to every microwave transmission in the city, and you acknowledge that that is so.

Why don't we tell them to stop it?

Ambassador WALTERS. Well, I don't know what we can do. At one time, when I had some authority in this matter, I arranged for no telephone communications to go out over microwave towers but to go out only through underground cables.

Senator MOYNIHAN. Which is protecting the Government. These are Government communications.

But what about the citizens? The Government used to protect citizens in this country.

Ambassador WALTERS. You know, their area is extraterritorial, and I do not know what we can physically do inside their Embassy area to prevent them from listening.

Senator MOYNIHAN. I can think of something—build a 6-foot concrete wall around the building. Just build it.

Ambassador WALTERS. I am not sure that would stop you from intercepting microwave signals, which are line of sight from towers.

Senator MOYNIHAN. If it is a high enough wall, it would.

What I mean to say, sir, is that I think the KGB in the Secretariat is a major reason for the Secretariat's overstaffing. The Secretary General—and we have a good Secretary General. I think you agree with that.

Ambassador WALTERS. Yes, he is.

Senator MOYNIHAN. May I say, Mr. Chairman, that if the Secretary General knows that half the people in his outer office are KGB agents, he has to have twice as many people in his outer office as he otherwise would do. They have to block them off and that is a problem.

The second problem is that the Soviets are using the U.N. facilities to recruit people, to invade the telephone systems of the whole city, the markets, and so forth. We are letting that happen, and they know that we know that it is happening.

This invites contempt, and I would never invite contempt from the Soviet Union. I know that you would not. But this administration has, by talking so tough and doing nothing. That invites contempt.

Now, having said we will cut them, we will slash them, we will do all this, you are now back saying please, pretty please, give us all the money they need.

This is not your fault, Mr. Ambassador. But there is a lot of talk. As I say, though, deathbed conversions are better than no conversions and I believe in the salvation of souls. The United Nations, if it did not exist, would be impossible to invent. But it does do necessary things.

Its great failure has been the Iran-Iraq war, wouldn't you say, where there has been no effort by the majority in the General Assembly deal with this terrible war?

Ambassador WALTERS. If I could go back to the first part, the Soviets understand that they are operating in a difficult environment in New York. As you notice, cases like the Pelton case and the Walker case were handled from Geneva, from Vienna, and from Mexico City and other places.

Senator MOYNIHAN. Yes, and handled well.

Ambassador WALTERS. I must speak a word on behalf of my former colleagues that I think the United States is doing what it can to face up to this particular threat. But it is of enormous size.

In Brussels, on one occasion, the Soviets could not get the microwave tower, so they bought a property directly over the cable between the NATO headquarters and downtown Brussels, and they tunneled in and tapped in on it.

To guarantee perfect safety against that is very difficult. It is very difficult.

Senator MOYNIHAN. But you have to keep working at it.

Ambassador WALTERS. Yes.

We have brought the Soviet delegation down from 275 to something like 179, I believe, now, and we are going to have to make them go still further down.

Senator MOYNIHAN. If I could interject here, Mr. Shevardnadze asked Secretary Shultz why are you expelling two particular people, they never leave the mission.

No. All they do is sit there with earphones.

My time is running out. May I ask one last question.

We withdrew from the International Labor Organization when they would not keep by the provisions of the charter, and then they did, so we went back.

We have withdrawn from UNESCO. I think we ought to have withdrawn from UNESCO. But there appears to be some changes there.

Do you see any prospect that we might reconsider and find it possible to return?

Ambassador WALTERS. I think that if there are proper reforms to reduce the budgetary responsibility to the UNESCO, the United States would be quite prepared to review its position.

The fact is that one of the things they were trying to impose on us was a thing called the "New Order of Information," which, in effect, was government control of the media and constitutionally, in this country, impossible for us.

I hope we will get reforms and changes in UNESCO which will make it possible for us to review our position on belonging to that organization.

Senator MOYNIHAN. Thank you, General, and thank you, Mr. Chairman.

Senator Kassebaum.

Senator KASSEBAUM. Thank you, Mr. Chairman.

My apologies to you, Ambassador Walters, for missing your earlier statement. I have read some comments on it. Let me say that I very much agree with you that the United Nations I think has done quite a fine job in meeting the intent of the Kassebaum amendment.

I would just like to say to my friend, Senator Moynihan, who I know had serious reservations about it, that I think, as a matter of fact, it did provide a valuable service. The United Nations is worth keeping, but if it is to be successful and have a voice that is respected, it has to adhere to some of the budgeting guidelines that give anything some strength, just as we attempt to do and do not do all that well ourselves.

But I think in the process it has forced a reexamination that has been very valuable.

The question now is where do we go from here? I know that you and Secretary Keyes have recommended that we repeal the Kassebaum amendment, which I think we have to do, or we are actually leaving in place language that says funding has to be reduced or else our assessed valuation will be reduced.

So, I think that to clear the air, perhaps, one should consider repealing that.

I think it is also important perhaps to work out some language that could be put in its place which acknowledges still our concerns and respect for what is being done.

Now I have some questions about asking the President to certify that the reforms enacted at the 41st General Assembly session are being implemented adequately.

We are asking the President to certify an awful lot of things these days. I have always wondered at what point we get just a sort of rubber stamp on something where it does not really mean very much. I think we have to be careful in using that too loosely.

Would it not, in fact, be a difficult position for the President to be placed in, having to certify that reforms have been met? Do you think this places us in a ticklish spot?

Ambassador WALTERS. The President is always in a ticklish spot, Senator.

Senator KASSEBAUM. Well, yes, he is. But we do not want to add to his burden.

Ambassador WALTERS. But he is apparently willing to assume that responsibility.

I do not know whether you were here when I said that it would be premature to remove entirely the restrictions imposed by the Kassebaum-Solomon amendment because the new process has not yet had time to work. I do not think we are asking for repeal. We are asking for modification.

Senator KASSEBAUM. I know that you are not. I know you are not. I am saying that maybe it is better to do it and ourselves work through something that will give us the means to follow it, rather than asking the President to involve himself. I am just raising that as a possibility.

Ambassador KEYES. Senator, if I might make one comment. Contrary to the implication of deathbed conversions, the President is alive and well the last time that I looked. I think that we have over the course of the last year or so made a determined effort to pursue——

Senator MOYNIHAN. Point of personal privilege, Mr. CHAIRMAN. Point of personal privilege.

The CHAIRMAN. Senator Moynihan.

Senator MOYNIHAN. Mr. Ambassador, did you suggest that I was making a personal reference to the President? If you do, I resent it and I ask you to withdraw it.

Ambassador KEYES. Oh, no, absolutely not. All I was saying is——

Senator MOYNIHAN. Then withdraw it, sir, please.

Ambassador KEYES. I withdraw it—all I am saying is that this administration has not only been lively but energetic in its pursuit of reform, and we have been able to achieve significant steps forward by making use of the kind of support and pressure that we got from the Congress.

It is quite clear that we appreciated congressional concerns, sharing them to a large degree, and pursued the goals of the Congress with good faith and sincerity.

With that kind of record, we felt confident that we could put forward language that would leave this matter to the determination of a President who has shown himself to be an effective ally of congressional interest and concern without, raising any questions about the possibility that it would just be a rubber stamp. Just as we did not seek cosmetic reforms but we sought real reforms, we would insist not on cosmetic implementation but on real implementation.

This is why we felt confident in putting forward the modification language.

Senator **KASSEBAUM**. Ambassador Walters?

Ambassador **WALTERS**. This is a personal view, but I just feel that if the President is prepared to make or refuse this certification, that that is the proper place for it. It seems to me that he is responsible to the Congress for telling whether this is going forward or not, and I think we will all be in a position to judge quite soon whether they are really seriously going forward.

I can give you a personal commitment that the U.S. Delegation to the U.N. will watch this very closely and will report regularly on it.

Senator **KASSEBAUM**. Let me say that I think the Secretary General of the United Nations, I think all members of the commission who worked on this suggestion have been really dedicated to improving the process. I do not think there should be any reservations about that.

But, really, one of the difficulties that we run into is that the United Nations operates, of course, on a calendar year budget and we have a fiscal year budget. So there is a period of time in which there is a lapse. This is one of the reasons that you are asking now for us to make up about $110 million which had not been requested in our budget. I frankly find that a little difficult because our budget was not submitted by the administration until January. It would have made it a lot easier for us here if that request had been there, rather than us now having to look at a request of $305 million or so and then add on top of it $110 million.

Ambassador **WALTERS**. I think I can tell you what the background of that was.

Senator **KASSEBAUM**. Well, I know the background. Isn't the background because, supposedly, the United Nations had not completed its report yet?

Ambassador **KEYES**. The United Nations had not completed its reform process. Our consideration at the time the budget went forward was to make sure that we did not presume upon what would be the judgment of Congress about the results of the reform effort but would leave it to the Congress to make the necessary modifications in the authorizing language and then in light of that, to provide the necessary funding.

I also want to explain that it is appropriate to mention that there were other considerations involved. We were involved in a very difficult negotiating situation in the U.N. and it was not clear until the last minute that we were going to be able to achieve an effective outcome.

If we had sent a premature signal that there was going to be some restitution of funding before we had actually achieved the reform result, I think it would have been detrimental to our effort.

There were those two reasons why we had to handle the request that way.

Senator KASSEBAUM. But the budget did not come to us until January, a couple of months after the United Nations completed its work.

Ambassador WALTERS. Well, it was December 19 that they approved it, Senator.

I believe there was some feeling that it might not be quite legal to ask for funds which were still prohibited by the Kassebaum amendment. When I asked about it, they said "Well, we don't know whether we can really ask for funds since the Kassebaum amendment is still in effect."

Senator KASSEBAUM. Well, then, would we not have to repeal it?

Ambassador WALTERS. Or modify it in some way. But there was the question of the legality of asking for it while the Kassebaum amendment was in effect.

Could I beg your indulgence as I would like to say one thing that I forgot to say to Senator Moynihan.

Senator KASSEBAUM. Yes, please.

Ambassador WALTERS. Senator, you know, as an old, former intelligence officer, all Soviets are subject to cooption by their government——

Senator MOYNIHAN. Of course.

Ambassador WALTERS [continuing]. And there are the kinds of constraints upon them, if they are GRU or KGB, where they are a little better trained. But I think it is an illusion to believe that they are not subject to control by their government.

I'm sorry for the interruption, Senator.

Senator KASSEBAUM. Not at all.

I think that we have to be realistic at this point. In all honesty, whether we might wish to add the $110 million on top of the request that has come in the budget may be beside the point, because I think we are strugglng with some serious budget concerns. We are going to have to find this money somewhere because it is going to be a great temptation on the part of the House and Senate to cut the budget in the foreign aid arena far more than we should.

I do not think it should be cut. But I think in the reality of it all, we are going to have to be able to justify some of this and when it is not even in the budget request, to add on to this amount is not going to be an easy task.

Ambassador KEYES. Senator, if I could address that last point. It is important that we stress the fact that the situation has changed in a significant way, and that this is why we feel we are now justified in going forward with this request.

With due respect for the ideas of conversions and so forth, in fact what has occurred is a conversion in the United Nations, after much effort on the part of the United States.

This action is needed to recognize that we are going to lose a very important opportunity if we do not respond.

The problem that you face, one which we have struggled, is how we view that opportunity against the other priorities that exist in the budget. It is a painful choice. We have a historic opportunity to improve our position in the United Nations, but we have to decide whether it is important enough to back it up. We should realize that we are getting a permanent gain, not something that is going to be good just this year. With that additional $111 million, we are buying an institutional, structural change which will be good for years to come.

This is the crucial year of its consolidation. In a certain sense, we are paying that money in order to consolidate this long-term effort. We should not, therefore, just compare it to priorities today. We have to decide what our priorities are in terms of our future leadership and effectiveness.

When you look at it in that broad framework, you can see that it is worth the effort.

Senator KASSEBAUM. Thank you.

The CHAIRMAN. Thank you very much, Senator Kassebaum.

Senator Sarbanes.

Senator SARBANES. I would like to pursue the line of questioning that Senator Kassebaum was putting to you, Secretary Keyes.

Why was not the additional money that is now being sought included in the budget request at the time the administration put together its overall plan of priorities?

When did the U.N. make this decision that you now say serves as the basis for the additional request? On December 19?

Ambassador KEYES. The U.N. made the decision on December 19.

Senator SARBANES. When was the budget submitted?

Ambassador KEYES. The budget went to print the week before. Therefore the process within the executive branch was closed out.

We could not commit ourselves to the restoration of funding when we did not know the result. We were not going to come back to the Congress with nothing in our hands and say "Do something for us." We wanted to make sure that we had credible reforms before we turned to our colleagues here and asked them to make this difficult kind of budget decision.

Therefore, we thought that it was necessary, to make sure that we had on agreement.

We also recognized, as I was trying to explain——

Senator SARBANES. Now, where do you propose to find the money? I assume you are not proposing revenues in order to cover it?

Ambassador KEYES. No, we are not.

Senator SARBANES. I didn't think so.

Ambassador KEYES. We are in the process now, as Ambassador Walters indicated, of making an examination of what the necessary offsets will be. We expect that process will soon be finished and we'll be able to submit a budget amendment in the not very distant future.

We are going to be fulfilling both our responsibility here and our responsibility to maintain the overall discipline of the budget. Therefore we will be making an effort to find offsets before we make any request for a budget amendment, of $111 million.

Senator SARBANES. And do you expect to find those offsets within the 150 account?

Ambassador KEYES. Well, Senator, I would not want to speak to that right now because the process that is involved in making that decision is one that includes not only the State Department, but the Office of Management and Budget and others who have a purview that would allow for perhaps a somewhat broader view of where the offsets might come from. But honestly, at this point I would not want to try to predict.

Senator SARBANES. Well, let me pursue that.

Are you looking for the offsets across the whole range of the Federal budget?

Ambassador KEYES. Senator, what I wish to explain was that we are working through a process that involves the State Department, the Office of Management and Budget, and so forth, that we are looking to find where we can get these funds. As there is a broad purview for OMB, broader than the State Department, I think we will be looking at whatever alternatives may be feasible, including those which look as if they will not violate the necessary stringency of present budget discipline.

I do not want to predict where those offsets will come from because I do not know. I do know that a major effort is being undertaken to identify them.

I think it is quite clear from the Secretary's testimony of the other day that our accounts, as far as the State Department is concerned, are already in serious trouble in terms of the kind of cutbacks that are being made. I do not expect that we will be able to find offsets, as the Secretary indicated in those accounts, but we will be making every effort to do so.

Senator SARBANES. Are you anticipating that you will find the additional money to pay to the United Nations by cutting domestic programs further?

Ambassador KEYES. Senator, as I say, I would not want to speak to the specifics. It seems to me that, whatever decision is made, it is going to require some painful choices.

The kinds of things we are looking at should enable us to make this decision in a way that does not violate the priorities that are essential for our people and in a way that respects the present environment of budgetary discipline.

Senator SARBANES. Well, do you think it is sensible to come to the Congress seeking more money for the United Nations to be found by cutting even deeper into domestic programs?

Ambassador KEYES. First of all, I would like to clarify that I, at least, do not see myself as coming simply to seek more money for the United Nations. I am coming to seek more money to support a consolidation of effective leverage for the United States throughout the U.N. system, something that is of direct benefit to our people.

Second, if you examine the kinds of organizations of which the U.N. system is composed, you will find things like the International Labor Organization, the World Health Organization, the International Meteorological Organization, the International Maritime Organization. Those organizations are providing services that are directly of benefit to our own citizens in a domestic sense—the people who export goods, the people who are benefitting from the exchange.

Senator **Sarbanes**. Mr. Secretary, I am not arguing the merits of the various U.N. programs. Many of them are highly meritorious, and, in fact, I am quite intrigued by the administration's very strong statements now in this regard, in contrast to some of the statements over the past few years.

But, in any event, the real question is how realistic you are going to be about where you are going to try to find the money.

When the Secretary of State was before us, we, or at least I, told him that he makes a very strong case for his budget. But the fact of the matter is that his budget has been submitted to the Congress in the context of an overall budget which is unrealistic with respect to the rest of the priorities.

Now, are you going to submit to the Congress a request for additional money that is going to compound the problems we are already facing—for example, the very drastic reductions proposed by the administration in a range of domestic programs?

Ambassador **Keyes**. Senator, as I tried to indicate in my introductory statement, and as I have been trying to indicate in the comments I was just making, first of all, the effectiveness of our participation in the U.N. system—and I would have to say and stress the fact that I distinguish that from support for the U.N. per se. I believe by making us stronger, we will make the U.N. stronger. Our goal has been to increase our effectiveness in these organizations, our ability to influence their course.

Second, the benefits we derive from some of the specialized agencies go directly to our people. So the distinction between our domestic interests and our foreign interests in that instance are not clear to me.

Third, it seems to me that the issue that is at stake, is not just one that goes to all of this great diversity of interest. It is a question of whether or not we can be effective in the international arena in serving the interests of the country as a whole. At some point that kind of consideration has to come into play, even as we make these very critical budget decisions. Though there are lots of interests to look out for themselves, there are only those statesmen in this room and in the Congress and in the executive branch to look out for the interests of the country as a whole. This has to have a bearing on the kinds of decisions we make as we decide whether we want to consolidate this new leverage for the country or whether we want to throw it away.

Senator **Sarbanes**. Are you looking to find this money in the defense budget?

Ambassador **Keyes**. Senator, I think I have tried to answer that question as best I can without talking at the moment about the——

Senator **Sarbanes**. Oh? I don't think I have yet asked that question.

Ambassador **Keyes** [continuing]. Kinds of deliberations that are going on within the executive branch.

We do have the responsibility and the right to conduct those deliberations. When we achieve the results, we will present them to the Congress and ask for your concurrence. I am sure that that result is going to be consistent with the responsibilities that we share with you to the overall priorities of this Government.

Senator SARBANES. I don't understand that answer.

What is the answer to the question as to whether you are looking at the defense budget as a possible source for the funds to make this increased payment to the United Nations?

Ambassador KEYES. Senator, I think I indicated that we are taking a look at this question in terms of the breadth of responsibility that OMB has, and that when we arrive at an answer that we consider suitable, we will present it to the Congress. In terms of where the money will come from, that is precisely what is being deliberated upon now.

Senator SARBANES. I am not trying to find out where it is going to come from. I am just trying to find out whether the defense budget is one of the ones that is under consideration.

Is the defense budget being looked at—without trying to get from you the answer now whether that, in fact, is where you will find the money—is it being looked at as a possible source of the money to make this increased payment?

Ambassador KEYES. Senator, as I said, I do not believe I am in a position at the moment to discuss in detail that kind of question.

We are dealing with the Office of Management and Budget and with others in responsible positions. We are looking at the full range of possibilities in terms of how we are going to achieve those offsets. I cannot predict at this point what the outcome will be.

Senator SARBANES. When you say the full range of possibilities, does that encompass the defense budget?

Ambassador KEYES. Well, Senator, I think it encompasses the full range of possibilities. You are asking the question relating to what we are looking into right now. It could be at defense or at some other part of the budget, and that in the course of these deliberations, we are looking at the full range of possibilities.

Senator SARBANES. In other words, you are looking at the entire budget as a source for these funds.

Ambassador KEYES. We are working with the office that is responsible for the entire budget, and, therefore, the kinds of decisions and offsets that are made are going to reflect the breadth of that responsibility.

Senator SARBANES. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Sarbanes.

Senator McConnell.

Senator MCCONNELL. Thank you, Mr. Chairman.

Gentlemen, I note that the U.N. budget shows $3,787,800 was spent on "travel of representatives to the General Assembly." I wonder if your notes or staff can tell us how many delegates' travel did this pay for, from how many countries, and what steps, if any, have been taken to reduce this kind of expenditure. In other words, is it really our responsibility to subsidize, in effect, the travel of delegates from other countries to New York?

Ambassador WALTERS. Senator, I cannot, of course, give you those answers off the top of my head, but I will certainly be glad to provide them to you.

I would say that the Secretary General has instituted a program of restriction of travel. We are trying to have more of these congresses and conferences held in New York City. I might add, in passing, that the presence of the U.N. in New York funnels several hundred million dollars into the economy of the United States and in the New York area in particular.

I do not have these exact figures. I will get them for you. I do know there will be less travel, there will be less meetings and congresses around the world that require travel than has been the case in the past. Within the next couple of days, I will try to give you those figures.

Senator McCONNELL. I would appreciate it.

[The information follows:]

PROGRAM OF RESTRICTION OF TRAVEL

In 1986, each member state was eligible to collect one first-class ticket and two economy-class tickets. One hundred and thirty member states exercised this right to a varying degree. The total amount that was expended in 1986 was $1,741,300, including reimbursements from not only 1986 but from 1985 and 1984 as well. (N.B. Up until 1986, representatives had 2 years to make reimbursement claims.).

In 1987, in response to a recommendation of the Group of 18, the U.N. restricted this right to the 40 poorest member states, known as the least-developed countries. There will be still one first-class ticket and two economy-class tickets made available to the 40, and they are estimating a cost of $300,000.

Senator McCONNELL. Mr. Ambassador, are you at all uncomfortable with the fact that, as you request full funding from this Government, only 21 of the U.N.'s 159 member states have fully paid their assessments for last year?

Ambassador WALTERS. That is correct. I believe a great many of them are in arrears. If you count the overall arrears of the Soviet Union, it is greater than ours.

But I think what is important is that we reaffirm the good faith of the United States in what has seemed to the world to be its pledged word. We said that we would withhold this money until they brought about certain reforms, and I think we ought to give the reforms a chance to see whether they are going forward. A great many of them are already being implemented.

To me, it is important to preserve the influence, the credibility, and the belief in the good faith of the United States.

We took this obligation freely. It was not imposed upon us. We reduced it from an original 40 to 30 to 25 percent.

Obviously none of us could commit the Congress. I committed myself to them that if they carried out these reforms, I would make every effort to obtain from the Congress the full pledged assessment of the United States.

Ambassador KEYES. Senator, if I might add one point to that, I would stress once again that one has to look at the nature of these reforms. The reason that I, at least, feel absolutely no embarrassment about coming back to the Congress to ask for support for these reforms is because those reforms represent an advance in the position of the United States in the organization.

The question we must put to ourselves is whether we want to consolidate that advance or whether we do not.

The comparisons with other states are not going to change the fact that at the end of the day, if we are not willing to consolidate that advance, it will not be they who lose this chance at increased influence, it will be us. That is what the reform process in terms of its overall objective was about when we addressed the question of the influence of the major contributors.

So, I think we have to keep that firmly in mind in terms of making a calculation based on our own interests in this regard.

Senator **McConnell.** I understand your argument. I do, though, wonder if either of you anticipates very many additional countries becoming at least somewhat current or at least paying last year's assessment.

Is there any chance that this number is going to improve? It is really quite an abysmal thing.

Ambassador **Walters.** I would hope so. If you are a certain amount in arrears, you lose your vote. South Africa has already lost its vote by failure to pay its contribution. A lot of countries just live marginally ahead of that loss of vote.

I really cannot speak for them.

I think that this will give the U.N. a new breath of life that will bring greater pressure on people to make it work, and they will have greater concern that if they do not do this, the United States again will withhold part of its support and because it is so large, it will have a truly crippling effect on an organization that many of these countries want to see live.

Senator **McConnell.** So you fully expect the next time you come before us on this subject that the figures will be dramatically improved?

Ambassador **Walters.** I would hope they would be improved. I would be lying to you if I said "dramatically 'improved.

Senator **McConnell.** Well, somewhat improved.

Ambassador **Walters.** For my part, I have taken an awful lot of heat, Senator, and I am going to enjoy giving out some heat for a change to those who have not paid—provided that you are willing to give us what we need.

Senator **McConnell.** Let me shift somewhat, back to Senator Moynihan's favorite subject. The administration and the Congress over the past years have cooperated in trying to reduce the risk, as you know, from Soviet and Soviet bloc intelligence officers operating in New York and in and around the U.N. One of the measures used to reduce the risk has been the imposition of travel restrictions on diplomats and the U.N. Secretariat officials of countries, for example, such as the U.S.S.R. and Libya. I was pleased to see that these restrictions were recently extended to include Polish, East German, Czech, and Bulgarian nationals.

But if one is going to place restrictions on the satellites, I am wondering why Hungarian and Romanian nationals were not subject to any of the restrictions. I am wondering also if you could tell me whether or not you believe the Romanian intelligence service cooperates with the KGB.

Ambassador **Walters.** I believe it does. I believe they have no alternative, quite frankly.

There is a question of retaliation, of restriction on our movement in those countries, which is quite liberal right now, and whether we want to lose that.

Senator **McConnell.** So that would be your explanation for why we have not placed the restrictions on them as well?

Ambassador **Walters.** I think it would be difficult for me in open session to get into a discussion of the relationship of the intelligence services, their effectiveness, and so forth, because even in the Warsaw Pact, while there are no variations in the voting patterns, there are some variations in the effectiveness of the intelligence services.

Senator **McConnell.** I have one final question, Mr. Chairman, which is raised by the recent announcement that the U.N. intends to create its own intelligence collection operation.

Apparently, the Soviets have asked the Secretary General to create an Office for Research and the Collection of Information, which will provide reports on internal events in various countries and early warning of potential crises.

Do you know anything about this? What are your observations?

Ambassador **Walters.** Yes. I am aware of it, Senator. I do not think it has been presented quite correctly.

What we are doing is moving something out of an area where the Soviets had more control over it in the past.

I would add that in the immediate entourage of the Secretary General, some concern was expressed. There are a lot more Americans on his immediate staff than there are Soviets.

The U.N. announced on March 2 that a new Office of Research and Collection of Information is being established, and that the new Office's functions appear to overlap those of the Political and Security Council Affairs, which is headed by a U.S. national, Pedro San Juan.

The new office is part of an overall restructuring of the political department of the Secretariat stemming from the recommendations of the Group of 18, which is the group of wise men which was selected to make recommendations on the general reform of the United Nations.

We believe the creation of the new office supports our interests in the following ways. It will include the Political Information News Service, or PINS, with which we have had a lot of trouble in the past. PINS provides daily and weekly summaries of worldwide news to the Secretary General and top U.N. staff. We and other Western countries have been pushing for the past 2 years to have this function placed directly under the Secretary General because of clear indications that its output contained an anti-Western bias resulting from its placement in a department headed by a Soviet national, which is one of the reasons why we wanted it moved.

It will consolidate similar functions from the Political Department, from the Trusteeship Department, and from the Public Information Department, giving the Secretary General a single source of short-term political information.

It will not affect substantially the work of the Political Analysis Division, which carries out more detailed and in-depth studies of political issues. While the initial announcement led some to believe that there were overlaps, we have been assured by the Secretary General's office that the functions of the Political Affairs Division, which is headed, as I say, by a U.S. national, will not be changed, except for the transfer of the unit handling maritime affairs, which has nothing to do with the new information office.

In summary, we believe the new Office will provide an improved collection service to the Secretary General. It is sensible from a management point of view, and we and others will follow closely the work of the office to ensure that its outputs are not biased in unhelpful ways.

I would like to assure you, Senator, that I keep a very close eye on this sort of thing to make sure that nothing is done that is unfavorable to the United States in this arrangement. I have, on a number of occasions, made representations in certain matters to the Secretary General, and if the Congress does what I hope it will do, my voice will be even stronger to obtain those changes which we consider unfavorable to us.

I can assure you that I will be very vigilant in watching this.

Senator McCONNELL. Thank you, Mr. Ambassador.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator McConnell.

Ambassador Walters, you are a statutory member of the Cabinet, I believe. When did you last attend a Cabinet meeting?

Ambassador WALTERS. Well, I have been traveling for about 3 weeks. There are two a week, and I try to get down to them. I will be honest with you. The press and burden is very great on me and if I get the agenda and I know they are going to discuss some domestic issue which does not have an impact on my affairs, I generally do not attend that.

But I do try, for obvious personal reasons, to make effective my presence there.

I assure you there is a chair there with a plate on the back which says "United States Permanent Representative to the United Nations".

The CHAIRMAN. Yes, I have seen it. My concern is with when you last filled it.

Ambassador WALTERS. I do not have the date. I have been traveling for 3 weeks now.

The CHAIRMAN. Would it be a month?

Ambassador WALTERS. I'd say a month ago.

The CHAIRMAN. A month. Good. I do hope you do fill it often.

Now, a good deal of publicity has been given to the General Assembly efforts to adopt these budgetary changes. Are there specialized agencies also embarking on these reforms?

Ambassador KEYES. Mr. Chairman, if I might respond, we are pursuing with the various specialized agencies efforts to adapt the reforms that have been adopted in the General Assembly to their particular circumstances.

I think it is important to note that, as we have stressed over the course of the last year or more, there are differences among these agencies. They are part of the same system, but we have to take account of those differences.

So, we are not going to be adopting a uniform paradigm. We are going to try and make sure that we achieve the same result while fitting it into the character of the existing organization.

The CHAIRMAN. Which agencies do you think are most in need of change? We have put UNESCO at the top of the list.

What would follow?

Ambassador **Keyes**. We have put UNESCO at the top of the list, however I think all of the agencies can do with some improvement. We have been, overall, more satisfied with the budget decisionmaking process in most of the agencies than we were, with the U.N. We have been talking to the ILO, to WHO, and to UNIDO about the kind of adaptations that may be needed in those organizations.

I am not sure I would want to rank order them because it seems to me that what we are looking at is an attempt to get a uniform position for the major contributors in the system as adapted to each of the qualities of the agency.

So we are going to be pushing throughout the system for this kind of change.

The **Chairman**. Do you believe the U.N. has met the requirements of Senator Kassebaum's amendment?

Ambassador **Walters**. I do.

The **Chairman**. You do? Good.

Ambassador **Walters**. I do, and the essential thing is to make sure they keep doing it.

Ambassador **Keyes**. I agree.

The **Chairman**. Good.

What action is the U.N. or the WHO taking to combat AIDS, which is becoming an international problem?

Ambassador **Keyes**. The Director General of WHO is taking this problem very seriously. He has been consulting with major donor governments and others on a global action plan to deal with the problem of AIDS.

I believe they are still in the process of working out what will be the exact level of the resources devoted to that effort. However, we know it is going to be a major effort, coordinated on a global basis.

Our Director of AID and his colleagues are engaged in serious discussions with the head of WHO as to the role that the United States is going to play in this effort. It will be an important and very supportive one. We think that it is one of those of unique challenges that WHO is suited to respond to.

We are working to make sure that it will do so in a way that is cost effective.

The **Chairman**. In brief, is WHO seized with the problem?

Ambassador **Keyes**. It is, yes.

The **Chairman**. Thank you.

The IAEA comes to mind after the catastrophe at Chernobyl. I am wondering if anything has been done to really beef that up in an extra way and give it the full assessment?

Ambassador **Keyes**. We have been very careful over the course of our deliberations, even during this difficult budget time, to do our best to safeguard the contribution we make to IAEA because it serves so many very important interests in safety, safeguards, and nonproliferation.

In the post-Chernobyl period, special efforts have been made to improve its coordinating mechanisms and to specifically address the problems of safety that were raised by that incident. We are supporting those efforts.

We have made a major effort to assure that our participation and support for these very vital tasks would not be impaired, even during these difficult budget times.

Ambassador Walters. Senator, if I may just add one word, I was supposed to attend a Cabinet meeting yesterday. That is one of the reasons why I came. But it was canceled, as a number of them have been recently.

But I do try to attend them as frequently as is possible, even though it requires 2 days a week out of New York for me, when I am in the country.

The Chairman. Good. There are some good people to influence there, too.

Ambassador Walters. One does one's best.

The Chairman. Yes.

I have no further questions.

Senator Helms.

Senator Helms. Thank you, Mr. Chairman.

Following up a bit on Senator Moynihan's questioning about the monitoring of telephone calls and the potential for it by the KGB and the Soviet Union, it may cause some of us to rest easier, those of us who live in Washington, DC, to know that there are only 60,000 calls monitored each day by the Soviet Union in Washington, DC.

So this probably is not confined to the United Nations in New York. This is something that I looked into 2 or 3 years ago. Not only the capability, but the actual monitoring, is, in fact, known by the Department of Justice.

I do share Senator Moynihan's concern that no administration—and this has been going on for a long time—no administration has been able to cope with it. I think it is something that should be addressed.

Mr. Ambassador, Mr. Keyes, let me get back to the pay levels of the United Nations. I know that it is expensive to live in New York. They would have to pay me a lot more than they pay me here to live in New York, and I say that with all deference to anybody who is from New York.

Ambassador Walters. Senator, I was born there.

Senator Helms. Well, that is your misfortune. You came down here. [Laughter.]

Isn't it a fact that grade level D-1 at the United Nations pays $59,414 tax free—unless it has been raised?

Ambassador Keyes. I believe, Senator, that that figure is correct. Yes.

Senator Helms. You believe that is correct? Well, unless my information is in error, I know it is correct.

In addition—and we are talking about a bunch of people who work for the United Nations—there is a $700 per dependent allowance for each dependent over the first one. Then there is a school allowance to pay for private schooling, up to the university level, of $4,500 per year.

Now, for a typical U.N. employee at that level, the total net income for an employee, spouse, and two children, would be about $69,814.

Now, as a matter of fact, that is more income for all of this myriad of people than the Secretary of State gets because he pays taxes. Is that correct?

Ambassador **Walters**. Well, I don't know. I think some of them have to pay taxes in their own country.

Senator **Helms**. Well, let's see about that.

My understanding is that the American employees of the United Nations are guaranteed an after-tax income regardless of their tax bracket.

Then my understanding is that the United Nations pays the tax to the country, and these employees are guaranteed this figure.

Is that not right?

Ambassador **Walters**. My understanding is that the employees pay assessed contributions to the U.N. budget almost equal to the income tax they would otherwise pay.

Senator **Helms**. Right. Well, let me lay aside the foreigners who are employed by the U.N. and let's just take the U.S. employees.

This is not atypical. Let's say a retired Foreign Service Officer works there. He is guaranteed the approximation of $60,000 from the United Nations as his net salary. Then he adds a $35,000 retired FSO income, and his wife works there, as is so for so many cases, and he is getting all of this. This is what a lot of people are raising Cain about.

Let me be specific, Mr. Secretary.

Is it not a fact that the Department of State was thinking of offering a temporary job to the Director of the U.N. Information Center here in Washington? Isn't that correct?

Ambassador **Keyes**. Well, Senator, I cannot speak from any personal knowledge about that. I did hear——

Senator **Helms**. But you do understand it to be so.

Ambassador **Keyes** [continuing]. Various reports to that effect, but I cannot vouch for their correctness.

Senator **Helms**. Well, I think what you are saying to me is that you did not see it and hear it yourself, but you know pretty well that it is a fact.

In any case, this person to whom the job was offered turned it down because he did not find it possible to accept a salary which was lower, in real terms—you know, figuring in all the tax considerations—he did not want to accept a salary lower than that of George Shultz.

Do you have any information to the contrary?

Ambassador **Keyes**. Senator, no, I cannot say I do.

I excuse myself for turning around here because I wanted to clarify the facts as best we could, that U.N. employees do pay, as may have been mentioned already, a staff assessment that is roughly equivalent to a tax, which is figured to be roughly equivalent to kind of our taxation.

Their salaries have a premium built in already that ranges around 17 percent, it was originally intended so that you could attract good civil servants out of the higher paid civil services of other countries.

That was the rationale behind it.

In addition to that salary level, they get some of the perks and other things that you were describing.

That, as Ambassador Walters said, has to be figured against the cost of living in New York. At the same time, I would have to say on the basis of my personal impressions that I do not think I would be sorry to trade my place for that of an Assistant Secretary General. There are a number of complex factors that have to be considered before one makes the judgment that the compensation level difference is unjustified.

Ambassador **Walters**. They are not badly paying jobs. That is clear to everyone.

Senator **Helms**. You bet. That is the point I am making.

Well, Mr. Secretary, how many instances do you know of personally—and you'd better not tell me you don't know of any—about Ambassadors being sent to the United Nations, for example, and then they say "Gee, I would rather work for the United Nations and get on their staff because I'll get paid more money"? That is true, isn't it?

Ambassador **Keyes**. Well, Senator, I, would not want to go into any details and I am not going to tell you that I do not know of any such cases. In fact, I know of a fair number of such cases.

One has to keep in mind that a lot of people who come to the U.N. are coming from some of the poorest countries in the world. From their point of view, given what their salaries are in their own government services, I think U.N. salaries are probably pretty attractive to them.

Senator **Helms**. Would you say that again, the last part.

Ambassador **Keyes**. I said I think U.N. salaries are probably pretty attractive to these people because we are dealing with a great diversity of countries—not just the rich ones, but also the less rich ones.

Senator **Helms**. Let me tell you something. They are pretty attractive to people in Greensboro, NC.

Look right there in that camera, Mr. Secretary, and tell the American people that you think these salaries are justified?

Now, look at the camera. [Laughter.]

Ambassador **Keyes**. Senator, quite honestly I do not believe that I would make that statement. I think our policies have reflected a concern about those salaries, about bringing them more into line with what we think is reasonable.

We have worked very hard over the last several years to achieve that result, and we continue to work on that issue every day.

So I could not make that statement because it would not be consistent with our policies, our efforts, or some of our results.

Senator **Helms**. What did you say—that they are justified or not justified?

Ambassador **Keyes**. I said I couldn't say that they are justified.

Senator **Helms**. You couldn't say that they are.

Ambassador **Keyes**. We have been working to change the situation. So, of course, I cannot say they are justified. We have been working to make them different in some respects, to bring them down and more in line with our own civil service.

Senator **Helms**. Well, you see what you ran into with Senator Sarbanes?

I mentioned to the chairman that I did not think that Senator Sarbanes was quite fair because the Congress is the one that is the appropriator, to decide the priorities. And to have you up here and ask you where you are going to take it from, well, I have never heard that done before. It may have happened.

But on the other hand, it makes it mighty tough with the people in the Congress and others knowing what is going on in and by the United Nations in terms of this high-class remuneration, which I believe you called "attractive."

It makes it tough for you to make a case.

Thank you, Mr. Chairman.

Ambassador WALTERS. May I just say one word on that?

Senator HELMS. Certainly.

Ambassador WALTERS. If you look at the salaries of many international organizations, such as the IMF or the World Bank or NATO——

Senator HELMS. Oh, I agree with you. I agree.

Ambassador WALTERS [continuing].—They are way up on salaries.

The desire to work for one of these international organizations is very great.

Senator HELMS. Well, I think we ought to clean house all the way.

Ambassador KEYES. If I could make one final remark, Senator, I think you are right. The question is not whether you want to pay the salaries. Do you want to put us into a position where we can continue to improve this situation? That is the question before us because that is what we will be paying for, our effectiveness.

Senator HELMS. But that is not the question before this Senator. It is whether this Senator feels that maybe we ought to examine the question of cutting off the money until the delinquent brethren pay up and we adjust the salary schedule and cut out this mess which is a ripoff of the American taxpayer. That is perceived as that, and that is what I think it is.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Senator Kassebaum.

Senator KASSEBAUM. No further questions, Mr. Chairman.

The CHAIRMAN. If there are no more questions, the record will be kept open for the submission of questions by any Senators throughout the day.

I thank you very much, indeed, Ambassador Walters and Secretary Keyes for being here.

We will now move on to our next witness.

Ambassador KEYES. Thank you, Mr. Chairman, Senators.

Ambassador WALTERS. Thank you, sir.

The CHAIRMAN. Thank you.

Our next witness is Dr. William H. McBeath, Executive Director, American Public Health Association.

Dr. McBeath will be testifying on behalf of the National Council on International Health and other associations in Washington.

Please proceed.

STATEMENT OF WILLIAM H. McBEATH, M.D., M.P.H., EXECUTIVE DIRECTOR, AMERICAN PUBLIC HEALTH ASSOCIATION, WASHINGTON, DC, ON BEHALF OF AMERICAN ACADEMY OF PEDIATRICS, AMERICAN MEDICAL STUDENTS ASSOCIATION, AMERICAN NURSES ASSOCIATION, AMERICAN PUBLIC HEALTH ASSOCIATION, ASSOCIATION OF SCHOOLS OF PUBLIC HEALTH, COMMISSIONED OFFICERS ASSOCIATION OF U.S.P.H.S., AND THE NATIONAL COUNCIL ON INTERNATIONAL HEALTH

Dr. McBEATH. Mr. Chairman and members of the committee, I am Dr. William McBeath, executive director of the American Public Health Association. I appreciate the opportunity to present this statement today on behalf of seven national health organizations: The American Academy of Pediatrics; the American Medical Students Association; the American Nurses Association; the American Public Health Association; the Association of Schools of Public Health; the Commissioned Officers Association of the U.S. Public Health Service; and the National Council on International Health.

I have submitted a written statement which I would respectfully request be printed in the record.

Senator KASSEBAUM [presiding]. Thank you, Doctor. It will be in full.

Dr. McBEATH. Thank you, Senator. I will attempt, then, to summarize the testimony.

The organizations sponsoring this statement represent health professionals and medical specialists who have followed international health issues throughout their careers. I believe their views and opinions are representative of the international health community in this country.

I believe that the statement can offer additional information for this committee as it grapples with questions of U.S. policy in relation to multilateral agencies and to international health policy in particular.

Without diminishing the importance or value of other organizations or questioning in any way their management, we believe that two international organizations in the field of health; that is, the World Health Organization and the Pan American Health Organization specifically, deserve special consideration by the United States.

There are five reasons for this.

First, WHO and PAHO, as they are known, have demonstrated their value to the international policy objectives of the United States in the field of health for decades.

Second, they have maintained their fundamentally technical focus, aimed at helping nations address the problems of health for their peoples.

For example, at a time when the world is finding itself forced to add AIDS to the list of global health threats, the work of these health organizations takes on even greater priority, for these are the only organizations able to bridge national concerns and suspicions, to collect the epidemiological data needed, to assess the threat, and to coordinate the action with all nations in planning ways to cope with the global threat of AIDS.

Third, both WHO and PAHO have carved out a record of prudent, realistic management with special sensitivity to the concerns of the United States.

Parenthetically let me refer to Secretary Keyes' statement. On page 7, he points out, speaking for the administration, "Our efforts to achieve necessary reforms focused on the U.N. since the specialized agencies have not caused for us budgetary problems to the same extent as the central U.N. However, the Kassebaum-Solomon amendment applied to the U.N. specialized agencies as well. Following the lines of the reforms adopted by the U.N., we intend to explore within each of the agencies the possibility of establishing a consensus procedure for key program budget decisions. Each of the affected agencies"—and that would include the World Health Organization, which I am addressing—"has its own charter or constitution independent of the U.N. As such, each has its own program budget approval process and a different timeframe for the major meetings deciding on its program budget. We are now working"—and he is referring, of course, to the State Department—"with the individual Secretariats in anticipation of upcoming agency meetings which can best address the reform issues. We believe the prospect for adoption of similar procedures is very good."

That concludes the quote from his statement.

Let me report now that, with respect to the World Health Organization, those conversations on the part of the representatives of our Government and the World Health Organization have culminated in January of this year with the executive board of the World Health Organization formalizing budget procedures in an officially adopted resolution, which does include the consensus process and which the U.S. delegation has reported to the State Department meets the criteria of the State Department's request in regard to specialized agencies.

It is my opinion, with respect to the World Health Organization, that this represented a formalization of procedures which were already in effect, but, nonetheless, an important contribution to formalizing and making certain the consensus nature of the budgetary process there and other considerations that were important to our Government.

Fourth, the two organizations, WHO and PAHO, have been able to extend the reach of the U.S. epidemiological service not only throughout the Western Hemisphere but across the globe.

Finally, these two organizations offer unique opportunities for international exchange and contact among scientists and health specialists in this country and those of other nations.

Unfortunately, WHO now faces a major threat to its activities. Simply stated, the previous deferrals of payments of the U.S. contributions, the impact of the Kassebaum-Solomon amendment, producing a shortfall in U.S. payment, and the deferral, until October 1 of this year, of nearly 90 percent of calendar year 1987 U.S. assessed contributions, have yielded a severe financial crisis for the World Health Organization.

I would like to emphasize that these are treaty obligations of the United States and for the first time we are bringing into question our commitment to meet international obligations by the failure to provide the U.S. assessed contributions to the WHO.

The Pan American Health Organization also faces a deferral of one-third of the U.S. contribution as a result of last year's continuing resolution.

Therefore, Mr. Chairman, the seven national organizations endorsing this statement are seeking:

First, the reversal of the deferral, until October 1, of the $36 million in fiscal year 1987 appropriations for WHO and $12 million for PAHO, as requested in the administration's supplemental 1987 appropriations request;

Second, we are seeking an additional $15.7 million for fiscal year 1987 supplemental appropriations to make up for the shortfall in the payment of the U.S. assessed contribution to WHO;

Third, we seek the repeal, or at least the modification, of the Kassebaum-Solomon amendment in order to permit full funding for WHO in fiscal years 1987 and 1988; that is, to the level of U.S. treaty obligations;

Finally, we seek full funding for PAHO in fiscal year 1988.

The CHAIRMAN [presiding]. Thank you very much.

If you would like to digest your statement, your whole statement will be printed in the record, as if read.

Dr. McBEATH. Thank you. I will try to digest it more, Mr. Chairman.

I believe the committee is aware of the details about the overall situation. Just let me emphasize that the U.N. received only $10 million this year, of which some $3 million was applied to arrears for 1985, leaving only $7 million to be applied to the 1986 assessment of $61.7 million. Thus, the United States has paid only 11 percent of its 1986 assessed contribution to WHO.

Our Nation is nearly 90 percent in arrears. It will owe $118 million on October 1, while the Soviet Union, China, Japan, and the Western European countries have all paid in full.

It is difficult for us to understand why U.S. support has been withheld from the organization while at the same time, U.S. Government representatives of WHO governing bodies have always praised the WHO for its realistic budgets, its prudent management, not to mention the effectiveness of its world health programs.

I will skip entirely, Mr. Chairman, two lengthy quotes from U.S. delegations to the World Health Assembly in 1983 and in 1985, where they, at length, commend the Director General of the World Health Organization and the others responsible for its program budget for their realistic approach to that problem, for the zero-based growth that they were following, and the prudent administration of funds in that agency.

I think it is important to recognize that the United States has always voted for the WHO budget and to approve a budget and a rate of assessment as the United States has done in the case of WHO, and then to fail to meet its obligation ex post facto, does not bode well for American credibility in international organizations and undermines very valid U.S. interests which are reflected in the program and policies of WHO.

Even programs funded from extrabudgetary grants depend upon WHO's infrastructure, which is completely funded from assessed contributions. That includes programs like the AIDS Program, like the Diarrheal Disease and Childhood Disease Programs and the Universal Childhood Immunization Campaign.

With respect to the Pan American Health Organization, the deferral of $12 million of the $33 million assessed contribution for 1987 obviously creates severe management difficulties there as well.

I have several paragraphs of information that I think is pertinent to U.S. interests, particularly in this hemisphere with regard to the programs of PAHO.

PAHO has also achieved a nearly 20-percent reduction in headquarters costs, and its Director, who also serves as WHO Regional Director for the Americas, recently announced campaigns to eradicate polio in the Western Hemisphere.

Let me close by summarizing the work of the organization which has been of direct benefit to the United States and the world.

WHO's eradication of smallpox saves the United States $108 million—many people say more—annually by obviating the need here for smallpox vaccinations.

WHO has established the global Expanded Immunization Program, it manages the Universal Childhood Immunization Campaign, together with UNICEF, intended to help every country achieve the goal of complete immunization of children by 1990.

It is unconscionable to those of us in the field of child health that the world apparently still is not able to afford the immunization efforts that would clearly save millions of child deaths every year.

WHO successfully introduced oral rehydration therapy, an inexpensive and effective way to prevent death of children from diarrheal diseases.

It has taken the lead, as Secretary Keyes has said, in AIDS surveillance, research, education, and prevention. Only WHO can overcome the political differences and the very real suspicions and serve as an international clearinghouse of facts on AIDS.

They have supported dramatic new research on vaccines. Influenze surveillance by the WHO network helps develop vaccines here in this country against every new strain which emerges, this would be impossible without WHO.

Their Disease Surveillance Program provides information for travelers and contributes to our ability to protect U.S. citizens abroad.

Their surveillance following the Chernobyl nuclear disaster helped protect Europe and contributed information on how to deal with future accidents, which many of us feel undoubtedly are going to occur.

WHO supports the development of cost-effective medical technology, which results in reduced expenditures around the world. The availability of a $35,000 basic radiological system developed for WHO is a good example of this type of making x-ray services available at reasonable costs.

Mr. Chairman, let me just repeat, in closing, that we hope this committee and the Congress this year can achieve the reversal of the deferral of $36 million in appropriations to WHO and $12 million to PAHO. Second, we seek the additional $15.7 million in fiscal year 1987 supplemental appropriations, and the repeal, or at least the modification of the Kassebaum-Solomon amendment in order to permit full funding of WHO in fiscal years 1987 and 1988. Finally, we support full funding for PAHO in fiscal year 1988.

I thank you for this opportunity to present our views.

[The prepared statement of Dr. McBeath appears in the appendix.]

The CHAIRMAN. Thank you very much, indeed, Dr. McBeath.

I have a few questions.

First, what is WHO doing in counteracting the worldwide epidemic of AIDS?

Dr. MCBEATH. The World Health Organization from the first has mobilized a unit that is giving particular attention to the AIDS threat. That unit, by the way, is now headed by a U.S. national. Who has begun from the first to incorporate AIDS into the surveillance networks for infectious and reportable diseases around the world. It has undertaken special explorations with regard to the AIDS situation in many countries where otherwise we, certainly in the United States, would have been unable to find that situation.

It has brought together experts with regard to the various problems which are legion in trying to gain a worldwide understanding of that disease, and for the kind of international cooperation that is going to be necessary to address it.

It has been very realistic and forthcoming with warnings, many of those quite similar to those of our own Surgeon General, with regard to the threat that AIDS is and is increasingly becoming, not only in this country but around the world.

The CHAIRMAN. How many doctors or professionals are in that unit?

Dr. MCBEATH. I am not able to answer that question, Senator, but I would be happy to get that information for you, if you would like it for the record.

The CHAIRMAN. I would.

[The information referred to follows:]

RESPONSE OF DR. MCBEATH TO A QUESTION ASKED BY SENATOR PELL

Question. How many medical doctors are working in the AIDS Program?

Answer. The staffing situation of the special program on AIDS is very fluid at present, with several temporary assignments of WHO staff from other programs and a number of temporary staff and consultants. At present the program has 11 professional staff, including 8 medical doctors, and 6 professional consultants, including 2 medical doctors. The proposed staffing level is 32 professional, of whom 15 will be medical doctors. The other professional staff will be technical specialists such as health communications specialists, blood transfusion specialists, laboratory specialists, training officer, contraceptive communications specialists, information networking specialists, health promotion strategists, etc. In addition, about 20 general service positions are anticipated.

The CHAIRMAN. Where is that unit based? Out of where?

Dr. MCBEATH. Its base is in Geneva, but it has operations also out of the WHO regional offices.

The CHAIRMAN. Where are those regional offices? I should know.

Dr. MCBEATH. Well, one of them is PAHO. The region for the Americas is the Pan American Health Organization here in Washington. The others I might have a hard time with.

The region for Europe is in Copenhagen. The region for the Eastern Mediterranean is in Alexandria.

The CHAIRMAN. Maybe you could supply that information, too?

Dr. McBEATH. I probably would have to supply those, too, Senator.

The CHAIRMAN. Please submit those for the record.

[The information follows:]

RESPONSE OF DR. MCBEATH TO A QUESTION ASKED BY SENATOR PELL

Question. Where are the WHO Regional Offices located?

Answer. Africa: WHO, Regional Ofice for Africa, P.O. Box 6, Brazzaville, Congo, Tel. 81 38 60, Telex: UNISANTE BRAZZAVILLE 5217.

Americas: WHO, Regional Office for Americas, Pan American Sanitary Bureau, 525 23d Street, NW., Washington, DC 20037, United States of America, Tel. 861-3200, Telex: OFSANPAN WASHINGTON 248338.

Eastern Mediterranean: WHO, Regional Office for the Eastern Mediterranean, P.O. Box 1517, Alexandria, Egypt, Tel. 30090, Telex: UNISANTE ALEXANDRIA 54028.

Europe: WHO, Regional Office for Europe, 8, Scherfigsvej, DK-2100 Copenhagen 0, Denmark, Tel. 29 01 11, Telex: UNISANTE COPENHAGEN 15348.

Southeast Asia: WHO, Regional Office for Southeast Asia, World Health House, Indraprastha Estate, Ring Road, New Delhi 110002, India, Tel. 27 01 81, Telex: WHO NEW DELHI 312241.

Western Pacific: WHO, Regional Office for the Western Pacific, P.O. Box 2932, 12115 Manila, Philippines, Tel. 59 20 41; Telex: UNISANTE MANILA 27652.

The CHAIRMAN. I would hope that they would move a little bit with enthusiasm and vigor in this regard.

Second, you say in your testimony that U.S. Government representatives at WHO governing bodies have always praised WHO for its realistic budgets, prudent management, and effectiveness of its program. I notice that Mr. Keyes, who was here just a few minutes ago, said that WHO is one of the specialized agencies that was susceptible to further examination and improvement.

Dr. McBEATH. I believe that the words in his written statement make very clear, as does the report of the U.S. Delegation to the WHO executive board's January meeting, that the WHO has now met those criteria, and does have the consensual budget process to which he referred and that they were having less difficulty than with specialized agencies.

The CHAIRMAN. When I asked him just now the question as to what other agencies besides UNESCO should be further examined, he mentioned I think three, and my recollection is that WHO was one. That was mentioned about 10 minutes ago.

Dr. McBEATH. I do not recall him mentioning WHO in that regard. But he may have.

The CHAIRMAN. He mentioned WHO, ILO, and one other.

Dr. McBEATH. Well, I interpreted his remarks that he was working with specialized agencies, and the only references I recall that he made to WHO were positive ones.

The CHAIRMAN. Fine. The record will show what he did say, and I would imagine there is still at least a bit of room for improvement.

Finally, in connection with the immunization program, Senator Lugar and I submitted a resolution which was passed by the Senate a couple of years ago calling for the immunizations for all the six childhood diseases for all the world's children by 1990, which the Soviet Union and the United States, if we put our shoulders to the wheel, could do ourselves.

Have you heard anything more about the fate of our resolution, our idea? Is it being followed up at all?

Dr. McBEATH. The childhood immunization effort is directed at precisely that goal. It is still being approached with enthusiasm and vigor, as, I might say, I think the AIDS effort is now beginning to be approached.

But, as I mentioned, these special programs are also compromised by the cut in funds, because they have to be supported by the Secretary, the WHO infrastructure, which is entirely supported from the basic assessed contributions.

So, I think those programs are threatened and will be definitely delayed if the reductions in funding are continued.

The CHAIRMAN. Well, our thought was that the Soviet Union and the United States together could do the whole program, if we could only get our own two governments behind the wheel.

Dr. McBEATH. I personally find that a fascinating idea, and the kind of cooperation I would like to see the United States and the Soviet Union pursue.

To my knowledge, there has not been further progress on such bilateral efforts.

The CHAIRMAN. Are you familiar with the resolution, with the Lugar-Pell resolution?

Dr. McBEATH. Yes, sir.

The CHAIRMAN. Good. Thank you.

Senator KASSEBAUM.

Senator KASSEBAUM. Thank you, Mr. Chairman.

The World Health Organization of course has a wonderful reputation and I think has done fine work, Dr. McBeath. To a certain extent you have answered one question that I have had in that you say the cuts that have come to you really affect staff. They do not affect programs.

You are saying that because staff is not having the funding levels that you believe are important to maintain whatever staff is necessary, that programs are going to fail.

Is that what you were saying?

Dr. McBEATH. Senator, I would not say that staff are unrelated to programs.

Senator KASSEBAUM. They are very important to programs, that is true.

But is it not true that the assessed contribution is not supposed to be used for development programs, so that the assessed contribution reduction has not affected programs? It has just meant, evidently, that you would have to look to either reductions in staff or better use of staff.

Dr. McBEATH. It is not for the development of programs so much as it is the implementation of these programs around the world.

Each specialized program is not able to develop its own separate infrastructure, of course, to be able to have the contacts and develop the liaison and the technical assistance around the world. They have to rely upon the basic WHO infrastructure for that.

Most of the cuts which WHO has had to take so far have, as I understand it, been based upon the cuts in the infrastructure, which has included staff and other supporting services in the Geneva office and in the regional offices.

But that has a very direct effect upon these specialized programs.

Senator KASSEBAUM. Well, when you mention that each has to have its own infrastructure, let's just take as an example the Oral Rehydration Therapy Program.

You have indicated in your testimony that WHO successfully introduced this.

Well, as you know, UNICEF claims some major breakthroughs in that area, as does Peter McPherson and AID. This is an area where he is very proud of the work that AID has done.

Is it necessary for each one of these groups to have their own infrastructure? How much coordination is there, for instance, in working together in country for this one particular program or any other program you are looking at?

Dr. MCBEATH. I think there is a great deal of coordination. The major infrastructure which is relied upon, at least to my understanding, is that of the World Health Organization, which has country representatives and connections through its regional offices, relationships with the ministries of health for all of these countries and other agencies that are involved in health. UNICEF and certainly the U.S. Agency for International Development does not attempt to replicate that. It attempts to utilize that and to work with that.

Senator KASSEBAUM. So, AID works with WHO personnel?

Dr. MCBEATH. I believe very much so.

Senator KASSEBAUM. Is it WHO personnel who implement the program?

Dr. MCBEATH. Excuse me?

Senator KASSEBAUM. Is it WHO personnel who implement the program?

Dr. MCBEATH. Well, the implementation of many of WHO programs probably relies primarily on national personnel in the countries where they are being carried out. The leadership with regard to those comes from a variety of sources. But the central agency around which others coordinate and build their efforts in this regard is almost invariably the World Health Organization.

Senator KASSEBAUM. Well, we do put a fair amount of funding into AID for oral rehydration programs. I would think that would be an assist to WHO if, indeed, we are working through you and through your personnel.

Dr. MCBEATH. The efforts of initiatives like the childhood survival revolution are very much coordinated by, for example, UNICEF and WHO, and they are jointly planned and jointly implemented. The funding I am sure comes through both channels.

It is at least my belief that USAID and other national aid organizations cooperate in a very substantial way with that effort and do not, at least to my knowledge, form duplicative efforts.

The total aggregate effort is still insufficient to meet the goals that we are seeking. The reason that we still hear pleas from Dr. Mahler, at WHO, from Mr. Grant at UNICEF, or from Mr. McPherson at AID is because these efforts still are needing of more support and a greater effort on the part of all of those who are supporting it.

Senator KASSEBAUM. Senator Helms asked a number of questions earlier about United Nations' salaries. Do you believe that any of the concerns that he expressed about U.N. salaries applies to the World Health Organization?

Dr. **McBeath**. I have no detailed knowledge of the salaries of the World Health Organization. But most of his comments were addressed to international organizations, generally, and I would imagine that some of them do apply to WHO.

Senator **Kassebaum**: What percentage of your budget is in salaries?

Dr. **McBeath**. Are you referring to the World Health Organization budget?

Senator **Kassebaum**: Right.

Dr. **McBeath**. That is a detail that I would have to find for you. I really do not know.

Senator **Kassebaum**: Thank you. I would appreciate that.

[The information referred to follows:]

Response of Dr. McBeath to Question Asked by Senator Kassebaum

Question. What proportion of WHO's regular budget is devoted to staff costs?

Answer. During the most recently completed financial period, that is, the biennium 1984-85, 55.6 percent of the regular budget was spent on staff costs including costs of consultants, temporary staff recruited especially for the World Health Assembly, the Executive Board and other meetings, and temporary advisors. This percentage includes the costs of all statutory staff travel, such as, for example, recruitment travel and home leave.

Senator **Kassebaum**: Thank you, Mr. Chairman.

The **Chairman**. Thank you very much, Senator Kassebaum.

Dr. **McBeath**. Mr. Chairman, may I just add with regard to one of the questions that you had that I have before me the U.S. Mission in Geneva's daily bulletin for Wednesday, February 4, which has in it "U.S. Praises WHO for Budget Reform," and that is on page 1. I would be happy to submit it for the record.

The **Chairman**. We are delighted and that will be inserted into the record.

[The information referred to appears in the appendix.]

The **Chairman**. I thank you very much, indeed, Dr. McBeath for being with us. We wish you well.

The committee is now recessed. There will be a meeting of the Subcommittee on Latin American Affairs at 2 o'clock this afternoon, I believe.

Thank you all very much.

[Whereupon, at 12:07 p.m., the committee recessed.]

FISCAL YEAR 1988 AUTHORIZATION REQUEST FOR THE DEPARTMENT OF STATE AND THE NATIONAL ENDOWMENT FOR DEMOCRACY

TUESDAY, MARCH 24, 1987

U.S. Senate,
Committee on Foreign Relations,
Washington, DC.

The committee met at 10:07 a.m., in room SD–419, Dirksen Senate Office Building, Hon. Claiborne Pell (chairman of the committee) presiding.

Present: Senators Pell, Dodd, Kerry, Sanford, Helms, Kassebaum, Pressler, Murkowski, Trible, Evans, and McConnell.

The Chairman. This hearing of the Committee on Foreign Relations is called to order, and today we will hear from Under Secretary of State Ronald Spiers on the administration's $4.34 billion request for fiscal year 1988. This request represents a 22-percent proposed increase over this year's appropriated level.

I am a firm believer that a strong diplomatic service and a large and visible American presence overseas is absolutely necessary. The foreign service in my view is our very first line of defense and can be far more cost effective as a means of promoting American interests than military might alone.

We face, though, a budget crisis of major proportions. This crisis is the product of administration policies over the last 6 years of cutting revenues and raising expenditures. These policies have created a fiscal mess that Congress is seeking to clean up.

The budget resolution is likely to freeze or even reduce the foreign affairs account. If this committee is to have a voice in the allocation of the funds available—and I believe we should have such a voice, we will have to live within the Budget Committee resolution.

We face tough choices, expenditures that can be deferred, and in this category I put much new construction, will have to be deferred. We must also protect funding for the most vital components of the State Department budget. Foremost among them, to my mind, are American missions and consulates abroad.

Closing missions and consulates entails minimal savings, but signals a major American retreat from the world. Required reductions should better be made in Washington-based operations and not overseas.

The administration is proposing a 67-percent increase in the National Endowment for Democracy's budget. While this is a fine new program, increases of that magnitude will be difficult, well nigh impossible, to achieve in the current budgetary climate.

Mr. Spiers, I would suggest you embark on your statement.

STATEMENT OF HON. RONALD I. SPIERS, UNDER SECRETARY FOR MANAGEMENT, DEPARTMENT OF STATE

Mr. SPIERS. Thank you, Mr. Chairman. I have a longer statement that I would like to submit for the record.

The CHAIRMAN. It will be submitted in the record as if read.

Mr. SPIERS. I do welcome the opportunity to meet with you and this committee today to talk about the President's authorization request for the Department of State.

As you are aware, and as Secretary Shultz has made clear, we have deep concerns about our resource situation in the Department of State. Indeed, the Secretary of State has identified this as the No. 1 foreign policy problem that he faces.

The past 2 years have had a devastating effect on the Department and on its ability to assist the President in conducting U.S. foreign policy. In 1987 alone, the President's budget for State Department operations was cut by $1.3 billion.

To compound this problem, overseas inflation and exchange rate losses further reduced our purchasing power by yet an additional $76 million. At one point last December our West German posts were losing about $500,000 a day because of the declining exchange rates.

We cannot continue this downward spiral and not expect to see a fundamental weakening of our Nation's foreign policy apparatus.

We are keenly aware of the part that we have to play in the President's and the Congress' efforts to reduce the Federal deficit. We believe we are doing our part. We have and are making deep cuts to keep within our tight budgets. However, we are now cutting into bone.

In 1986, we shut down seven of our consulates overseas. This year we will close seven more posts. This is not something that we welcome. Our posts are the capillaries of our information-gathering network. They enhance our ability to expand our contacts and influence and to provide service to Americans abroad.

If we have no relief, our budget situation will force us to continue to shrink even further our Nation's diplomatic presence around the world. As new requirements emerge, we will have to stop doing important, although less unexpendable, activities.

This year we will no longer be able to fund adequately our language programs at posts overseas. This is at a time when we are all convinced that it is increasingly important to improve our officers' language capabilities.

We are also taking deep cuts elsewhere to make ends meet. We are hiring few people and simply not filling vacancies. Particularly painful has been the need to cut our incoming foreign service officer classes. The cost of this will be felt 10 years down the line.

We have had to postpone security construction projects, as well as cut our plans for high-speed telecommunications circuits by half, as well as cancel 85 percent of our planned replacement of emergency radio systems worldwide.

When our funds are cut, we are left with very few options. The Department of State is essentially a salaries and expenses agency.

We are our Nation's diplomatic presence around the world. We do not have large programs, which we can cut or string out over a longer period.

The Department of State, which is the oldest and surely one of the most important Departments of the Government, is also one of the smallest. The funds for the State Department's operations at home and abroad cost less than one fourth of 1 percent of the Federal budget.

The cost of a single Trident submarine equals the salaries and expenses for all State Department operations, including our more than 250 posts abroad for 1 year. We believe the latter make at least an equivalent contribution to the U.S. national security.

We are concerned that funding at the levels currently contemplated will translate into a serious weakening of our Nation's institutional arm for the conduct of foreign policy. Unfortunately, rather than determining foreign policy goals and objectives that are best for the people of the United States and providing the financing necessary to achieve these goals, resources are constraining our foreign policy.

We have very little discretionary funding in our budget. In fact, in salaries and expenses for our diplomatic and ongoing operations, the total net mandatory built-in increase is over $107 million.

The new Federal retirement system will cost us $52 million. Foreign national wage increases over $16 million. Overseas inflation, over $28 million, and increased rental charges by the General Services Administration here in Washington, over $8 million. These are not items that we can decline to finance.

One of the first things we have had to cut is travel funds. Just as in the United States, not all the important politicians are in capital cities overseas. There are other important mayors, governors, elder statesmen, and opinion shapers throughout the country.

When travel funds are cut, our Embassy political officer cannot make those critical contacts in the hinterlands. He cannot glean from them the information we need to understand political developments in that country. He cannot seek their support for U.S. policies. This gap can be acutely felt in a crisis.

Similarly, a shortage of funds limit the capability of our economic or commercial officers overseas to carry out an aggressive program of export promotion. As a result, we may miss important trade opportunities.

U.S. firms may miss the chance to establish agency or licensing relationships in the country. Major government projects may go unreported. The cost of these missed opportunities can be felt in terms of reduction of our trade deficit and the loss of jobs in the export sectors, manufacturing, and agriculture.

These are not hypothetical situations. They are real. Shortage of funds limit our ability to send our consular officers to visit Americans in prisons overseas. Cuts in the staff in consular sections abroad mean delays in processing passports and registering births.

It also means that visa requests cannot be processed expeditiously. This means losses of millions of dollars in tourism for the United States. Understaffed consular sections could also mean that our personnel are not able to perform the rapid checks that they should be able to on all visa applicants.

These are illustrative of the problems we face if we permit our foreign affairs infrastructure to atrophy. Clearly the personnel of the foreign affairs agencies are going to do the best job possible, whatever the resource constraints. But it will not be the job we have come to expect.

The President has put forward a budget, which is exceptionally lean. Even with full funding, given international economic realities, further reductions of posts and personnel abroad may be inevitable. Further reduction in that proposed funding can only make conditions worse.

At stake is our ability as a nation to understand and influence the world we live in. It is in no one's interest to make the Department of State primarily an administrative support mechanism for the foreign-based staffs of other Federal agencies, thereby weakening the agency which coordinates and takes into account all U.S. Government activities abroad and all interests of the United States.

The Department of State's components of our missions abroad now constitutes under 28 percent of the total, on a global basis. We cannot cut away personnel and positions and reduce training and the tools necessary to perform diplomatic functions and still retain the corps of qualified and experienced people needed to carry out the diplomacy of the United States.

We risk having our cutbacks interpreted as a sign of the United States from an active, global role.

Mr. Chairman, we have asked for a fiscal year 1987 supplemental of $119 million to help us carry out our most critical programs over the next year, until 1988. These funds, if approved, would help us ensure that the basic foreign policy infrastructure is maintained in the State Department.

By 1988 the Department is requesting authorizations for appropriations totaling $3.6 billion. This represents an increase of $541 million above our 1987 funding level, assuming, as we have, approval of supplemental appropriations.

This request includes $2.7 billion for the administration of foreign affairs, to cover the Department's basic diplomatic and consular functions, salaries, operating expenses, allowances, overseas building construction and maintenance, and diplomatic security.

Most of the increase in this account is for the implementation of the new Federal Employees Retirement System, wage and price inflation, and the diplomatic security program, including the security construction program.

Also included in our total request is $506 million to cover assessed contributions to international organizations of which the United States is a member. Contributions for United Nations peacekeeping activities and American participation in multilateral, international conferences.

The remaining $366 million of our request would meet our treaty commitments under boundary agreements with Mexico and Canada, our share of the expenses as a member of 11 international fisheries commissions, and our assistance to migrants and refugees through international organizations.

We recognize that the Congress will give the administration's budget request close scrutiny. We have, and are prepared to continue, to work with the Congress on which we are totally dependent for appropriations in this process.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Spiers appears in the appendix.]

The CHAIRMAN. Thank you very much indeed, Mr. Spiers. Would Senator Helms, the ranking minority member, like to make his statement at this time?

Senator HELMS. I just have questions, Mr. Chairman. Thank you very much.

The CHAIRMAN. I too have some questions. Quite a few. So I will make them as short as possible, and if we could make the answers as short as possible, that would be appreciated.

What would be the effect of a freeze, and we are on the 10-minute rule. What would be the effect of a freeze at 1987 levels on your programs as of now? 1987 appropriations?

Mr. SPIERS. This will leave us faced with the need to carve out of ongoing operations all of the mandatory wage and price increases, all of the exchange rate fluctuations that I mentioned, any new programs that are deemed necessary. I have heard roughly that this kind of a situation would likely translate into a reduction overall of our workforce on the order of about 2,000 people.

As I said in my statement, we are essentially a salaries and expenses agency. About 65 cents of every $1 appropriated to the Department of State goes for people-related expenses. Cuts of this magnititude really have to translate into people.

The CHAIRMAN. What percentage of the total budget is taken up by the buildings and the security program?

Mr. SPIERS. I think I would have to submit a precise figure for the record, but I think it is about 12 percent for buildings, 12 percent for security, and 12 percent for communications.

The CHAIRMAN. In other words, that adds up to about 36 percent, and the rest, the remaining 64 percent would be human beings.

Mr. SPIERS. Essentially people-related expenses. That can include storing of household effects, transportation of people, representation expenses, and the like.

The CHAIRMAN. What is the number of State Department people in Washington, compared with those overseas today and 10 years ago?

Mr. SPIERS. Well, today about one-third of our workforce of 23,000 people is in Washington, and two-thirds is overseas.

The CHAIRMAN. What was it 10 years ago?

Mr. SPIERS. I cannot answer that.

The CHAIRMAN. I notice that in the same 10-year period the USIA has crept up from about one-quarter, a little more than one-quarter of their people were overseas 10 years ago, to about one-third today. I was wondering if you were moving in tandem in that direction.

Mr. SPIERS. I cannot answer the question.

The CHAIRMAN. Maybe you could submit that for the record.

Mr. SPIERS. Yes, sir.

The CHAIRMAN. In the workforce, I am only talking about American employees. Is that what you are talking about?

Mr. SPIERS. Well, then you reduce that figure by about between 9,000 and 10,000. So the American workforce is about 13,000. Then you are talking kind of half and half.

The CHAIRMAN. In other words, half your Americans are in Washington and half overseas?

Mr. SPIERS. Roughly.

The CHAIRMAN. That seems a little rich.

Mr. SPIERS. This includes all of our employees and passport agencies and security field offices around the country. It is not just in Washington.

The CHAIRMAN. No, but by the same token you have got to issue passports overseas, and you have got security responsibilities overseas.

Mr. SPIERS. Yes, indeed.

The CHAIRMAN. What is the total budgetary savings in fiscal year 1988 to be gained from the eight consulates that are presently slated for execution?

Mr. SPIERS. I would have to guess. I think the consulates themselves, it is probably less than $2 million. But I think you cannot look at it just that way, because we are having to cut our workforce. The direct expenditures of running a consulate are relatively small.

As a matter of fact, in the first year they are almost negligible, because you have severance pay, lease termination costs and the like. But shutting these posts would avoid necessary costs for communications and security upgrades in the future. And if you are cutting into your workforce you have got to cut into the positions which that workforce staffs.

So it is very hard to give you an answer. It is substantially more than would be indicated just by the direct costs of running the posts.

The CHAIRMAN. I would have thought that would be one of your last economies, not one of your first economies.

Mr. SPIERS. Well, our first economy has to be in terms of people. And if you, as I said earlier, if you are cutting people you have to cut the jobs that they do.

There are two kinds of strategic approaches to this. One is to cut everybody kind of by equivalent percentage. The other is to take what you are doing and prioritize it and stop doing the things of least priority.

The CHAIRMAN. What would be the percentage of people in Washington, in intelligence and analysis, I&R?

Mr. SPIERS. I think that the staffing of I&R is roughly 350 people, and however that divides into, say if there are 7,000 people in Washington, well however that comes out.

The CHAIRMAN. About 5 percent. What Embassies and consulates are currently being considered for closing? When do you expect a final decision to be made on that?

Mr. SPIERS. The final decision by the Secretary of State has been made. As the Congress has been informed, there are seven posts. Excuse me a second and I can get the list.

Dusseldorf, Goteborg, Lyons, Maracaibo, Salzburg, Tangiers, and Turin. You can expect these to be closed by next month.

The CHAIRMAN. I am glad to see that Nice is no longer on the execution list.

Mr. SPIERS. Sir, Nice was closed last year. That was one of the seven that were closed last year. Its functions were transferred to Marseilles.

The CHAIRMAN. There is another list, I believe, of consulates slated for execution, is that right?

Mr. SPIERS. It would depend on the budget situation. Yes, we have a list another 20 or 30 posts that would be the next candidates for closure, if the budget situation indicates that that is what we have to do.

The CHAIRMAN. Could you submit that for the record?

Mr. SPIERS. I would sir, on the understanding that it is a classified document and we have not discussed it outside of the State Department or with other governments, and it is very tentative.

The CHAIRMAN. And the list of seven consulates that have already been closed, of which Nice was one. What were the other ones there?

Mr. SPIERS. The other ones were Bremen, Rotterdam, Seville, Salvador de Bahia, Trieste, and Winnipeg.

The CHAIRMAN. I think various of us Senators have particular interest in one or another of those posts and are particularly conscious of Salzburg and particularly conscious of Nice, which I am very disappointed about hearing of their demise.

What is the budget for the Bureau of Public Affairs?

Mr. SPIERS. I will have to get that. Maybe I can get back to that or submit that for the record. I do not have the list.

The CHAIRMAN. How many people, roughly?

Mr. SPIERS. I am informed there are 135 people. The total budget is $7.5 million.

The CHAIRMAN. And how does that compare with 10 years ago? Gone up, gone down, about the same?

Mr. SPIERS. I would have to provide that answer for the record.

The CHAIRMAN. Would you?

Mr. SPIERS. Yes.

The CHAIRMAN. Thank you. How many foreign service officers today have ratings of 4/4 or better in foreign languages?

Mr. SPIERS. That also I would have to provide for the record. I do not have the figure in my head.

The CHAIRMAN. Also, as you do it for the record, we would like to know how many of those skills are in the so-called hard languages, Russian, Arabic, et cetera.

How many of our political officers in the Soviet Union, in Moscow, speak Russian well enough to conduct their daily business with Soviet officers?

Mr. SPIERS. We have language designated positions in Moscow and most of the people in the economic and political sections, as well as a number in the administration section would be language designated and would require at least a 3/3 level.

I will have to give you the total number of such positions.

The CHAIRMAN. If that could be submitted for the record. And how does the Russian language capability of our people in Moscow compare with their capability of speaking English here?

Mr. **Spiers.** I think it is not as good. The Russians have always done a very good job in language training.

I personally have been concerned, particularly about our capabilities and what is happening to them in the four important hard languages, Arabic, Chinese, Japanese, and Russian.

We have started a program, and actually in the 1988 budget we are requesting $1.2 million in order to develop the cadre people at the 4/4 level. I do not think that the 3/3 level is good enough.

The **Chairman.** I would agree with you. I think it is hard to conduct business at that level. But thank you very much. Senator Helms.

Senator **Helms.** Thank you, Mr. Chairman. Mr. Spiers, you are Under Secretary of State for Management.

Mr. **Spiers.** Yes, sir.

Senator **Helms.** And therefore you have responsibility to oversee the management of the State Department.

Mr. **Spiers.** Yes, sir.

Senator **Helms.** Let the record show that he nodded in the affirmative.

All right. For almost 2 years the Department of State has been required by law to have an independent Inspector General who would derive his authority specifically from the Inspector General Act of 1978 as well as the Foreign Service Act of 1980.

Yet we are yet to have a nomination sent up to this committee for this position. Can you tell me why?

Mr. **Spiers.** My understanding, sir, is that the nomination of Mr. Sherman Funk has been sent up by the White House. We have had the office that you refer to since August of last year and it has been headed by an acting Inspector General, pending the White House processing of the formal nomination of Mr. Funk.

Senator **Helms.** Let me ask the staff, majority and/or minority, has such a nomination been received?

Mr. **Keaney.** I do not believe we have received it.

Senator **Helms.** It seems like the same old cat and mouse games we have had for 2 years, Mr. Spiers. Now what is the answer? Is there going to be a nomination or not?

Mr. **Spiers.** There is. The White House announced it within the last 2 weeks. Of course, the nomination comes from the White House to the Clerk of the Senate, and I do not know where in that process precisely it is.

Senator **Helms.** All right. Along another line.

I have been a member of this committee for a while and I think all members of the committee have had the understanding that the State Department would inform this committee whenever an Ambassadorial nomination was under consideration, if there was an inspection report that indicates a potential problem.

Can you explain why this procedure was not followed with regard to the nomination of Richard Viets?

Mr. **Spiers.** No, I cannot. I did not know about the procedure. I know that these nominations are vetted with the Inspector General before we propose a name to the White House, and I can only assume that this was done in the case of Mr. Viets, and that the Inspector General indicated that there was no problem with the nomination.

Senator HELMS. All the more reason why we should have an independent Inspector General, as the law requires. That is why I offered the legislation that led to the law.

Mr. Chairman, I hope that the committee will push for consideration of whatever nomination comes up on this. Let us get this thing cleaned out.

Is it correct that at 5:30 last night the Inspector General's nomination was sent up?

Mr. KEANEY. Yes, it arrived last night.

Senator HELMS. Let us look at something a little less esoteric. I am looking at it right now. A portrayal of the office of the Secretary of State.

Can you tell me, Mr. Spiers, what it costs to remodel the Secretary of State's office and the adjourning rooms into that state of splendor?

Mr. SPIERS. I cannot give you the exact figure. These are funds that are donated to the Department of State and spent by Mr. Clem Conger. My impression is that the total remodeling on the seventh floor runs in the area of $2 to $3 million.

Senator HELMS. The area of $2 to $3 million.

Mr. SPIERS. Yes. Since these are not appropriated funds——

Senator HELMS. We will get to that in just a minute. That is not an entirely correct statement.

The cost, does that include the furniture, or just the cost of the physical structure?

Mr. SPIERS. I think it is the total cost, except for security. Security-related expenditures are provided out of appropriated funds.

Senator HELMS. So it does include the furniture and the physical——

Mr. SPIERS. A lot of that furniture may be on loan.

Senator HELMS. The money to transform the Secretary of State's office from its former condition to its present state was not paid by the taxpayers per se, as some of the funds were contributed, as you have indicated.

But, Mr. Spiers, since you are a manager, you know something about the way the Government operates and the fiscal situation. Can we not agree that there was a very substantial tax subsidy, at least 50 percent, maybe 75 percent, in the form of tax deductibility?

Mr. SPIERS. I think that is probably correct.

Senator HELMS. So the taxpayers are bearing the burden on this.

Mr. Chairman, Henry Kissinger is a man who acknowledges that he was not noted for his modest demands. Henry Kissinger spent $500,000 on the Secretary of State's office just about 10 years ago in a remodeling job.

Then came along Secretary Vance, Ed Muskie, Al Haig. They did not require any further remodeling from the Kissinger standard, which this country boy considers to be pretty nice.

Mr. Spiers, just what was it that led the Department of State to conclude that they had to go out and raise money to spend $2 to $3 million on once again remodeling the office of the Secretary of State, when it had been 10 years ago?

Mr. SPIERS. You know, I think that the Secretary of State has to speak for himself on most of these questions, but as you undoubtedly know, this project of the eighth floor, which has now gone on to the seventh floor, has been underway for the last 25 years and as money comes in, projects and pieces of furniture and works of art are purchased from the funds that are made available.

I do not know, my understanding is that the remaining part of the seventh floor, which is in the Deputy Secretary's suite, will ultimately be redone too.

Senator HELMS. I was afraid of that. Mr. Chairman, I propose to have an easel on this side on which a photograph or painting or some portrayal of the Oval Office. All I had was something that I pulled out from a magazine. Is that a pretty good looking office? Can you see it?

Mr. SPIERS. Yes, sir.

Senator HELMS. You have been in there many times.

Mr. SPIERS. A few times, yes.

Senator HELMS. Let the record show this is a photograph of the Oval Office. Now why is it that the Secretary of State alone in this Government has to have such a princely office?

Mr. SPIERS. Senator, accepting what you say about the tax deductibility of these contributions, the fact is that this was done with nonappropriated funds and any funds that I assume go into the Oval Office are from appropriated funds.

Since I have been in both offices a number of times, I still find the Oval Office much more impressive.

Senator HELMS. I wonder if George Shultz does. Mr. Chairman, let me have one more question. I have a number of questions for Mr. Spiers.

Last year I submitted in writing to you a number of questions. One of them was whether any money from the emergencies in the diplomatic and consular services appropriations had been used to help pay for this remodeling effort. And you refused to answer the question. Why did you refuse to answer it?

Mr. SPIERS. I do not think we refused to answer it. If I recollect and my memory may be a little fuzzy——

Senator HELMS. It is.

Mr. SPIERS [continuing]. We said that the confidential funds were confidential and that we would be prepared to get into them with you in private session or executive session.

Senator HELMS. Why on earth should it be confidential?

Mr. SPIERS. I guess they have since 1783 when they were established, or whatever year they were established.

Senator HELMS. Is that the only answer you have to that?

Mr. SPIERS. That we would be prepared to go over what the confidential funds provided for in executive session.

Senator HELMS. But you did decline to answer the question to me. We will develop that a little bit later. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Helms. Senator Adams.

Senator ADAMS. I have no questions.

The CHAIRMAN. Senator Pressler.

Senator PRESSLER. Let me ask some questions so that I can educate myself a bit here. First of all, in the fourth paragraph of your opening statement you seem to say, as it stands now these deep cuts in our budget are severely damaging State's foreign policy infrastructure. They will force us to renege on our treaty obligations and international obligations, and so forth.

Are you in disagreement with OMB? Is that what I gather?

Mr. SPIERS. No. The basic thrust of my remarks were that the President's budget, which provided for all of the activities that he felt, that OMB felt, were legitimate and required, were then cut in the Congress by $1.3 billion, and that this is what has forced us to do things.

We have no disagreement with OMB?

Senator PRESSLER. All right. Fine. Now tell me, this is something that I have never gotten straight.

What does it cost to be an Ambassador? I am told that to be an Ambassador to the Court of St. James you must be wealthy, you must spend your own money, or that some posts must rely on the contribution of private funds.

Let us start with the Court of St. James, let us start with England. Could a career foreign service officer hold that post?

Mr. SPIERS. There is no question about it. I spent almost a year myself a charge in London. I also served under two Ambassadors, Ann Armstrong and Elliot Richardson, who I do not believe spent anything out of their private purses.

I served there with Walter Annenberg, who did. This is a matter of the wishes of the Ambassador. There is no financial qualification for being Ambassador to the Court of St. James.

Senator PRESSLER. So people who have spent their own money as Ambassador to Paris or London have done it voluntarily. It is not a requirement.

Mr. SPIERS. No, because we do provide representation funds. I do not recall what the representation fund level is for London. It will certainly be a larger fund than in the case of a smaller post.

But we try to relate representation expenditures to the goals and objectives of the Embassy. These are from appropriated funds.

Senator PRESSLER. I am told that the Russians do not have as many consulates around the world as we have, that they operate with a much smaller number of consulates. Is that generally speaking true?

Mr. SPIERS. That is correct. The Russians are represented in 30 places in which we are not represented. We are represented in well over 100 places in which they are not represented.

Senator PRESSLER. Now is this a decision of theirs, is it a different style of diplomacy? How do they get by without consulates here and there?

Mr. SPIERS. I cannot answer the question, Senator. I think any government has to make its own decisions on how it spends the money. I have talked to Soviet foreign service people who claim that they have budgetary difficulties as well.

Senator PRESSLER. I am trying to get a feel for what other countries are doing in this day and age and what we are doing comparatively.

Mr. SPIERS. I think we probably have more posts overseas than any other country.

Senator PRESSLER. Than any other country. Do you think we are more effective in our diplomatic reach because of that?

Mr. **Spiers**. Yes, generally. I think there has to be a changing pattern of posts. I have looked into the background of this.

We have shut 535 posts since we established our first diplomatic mission in Paris in the 1700's. In the last couple of decades we have closed an average of four posts a year. But we have also opened others, as we are doing now.

Senator **Pressler**. I am told that last year it was discovered that over 300 individuals in the Department of State earned more in taxable salary and pay incentives than Under Secretaries in other Departments and Members of Congress.

What is the reason the Department raised its pay cap on the total salary and incentive pay individuals could receive while serving as Ambassadors? Is there any problem in getting qualified career and noncareer candidates to offer themselves for service as Ambassadors overseas?

Mr. **Spiers**. What we did well over 1 year ago was remove a self-imposed limit on the combination of base pay and hardship pay. No legislated limit was ever set on these, so that we were not doing anything that was illegal.

I think it was the right thing to do. As of now there are about 77 individuals involved in this. Part of this came from my own experience in Pakistan, where when I was Ambassador and I was trying to compete with people at fairly senior levels to be assigned to that Embassy, with places like Paris and London, which were also very interesting places to serve.

I felt that we were handicapped, as did most of our Ambassadors, by this self-imposed limit, so that we did change it.

Senator **Pressler**. So that, in other words, even though you are under budgetary difficulties this decision was made and some Ambassadors make more than Members of Congress.

I think everybody in public service makes certain sacrifices. But it seems strange to me that a Department, as I read from your statement, is so beleaguered for funds, would make a decision such as this.

Have the pay incentives made a difference in people's willingness to serve? Were there refusals to serve in places like Pakistan, for example?

Mr. **Spiers**. I think it has made a difference. I think it is a matter of fundamental equity. I know that this is something that reasonable people will disagree on. I think we took the right decision myself.

Senator **Pressler**. So in other words, the reason for this policy is that people would refuse to serve in certain posts or not apply for them?

Mr. **Spiers**. It is not that stark, Senator. You have a disciplined service. People do not refuse to serve, but there is a kind of a competition among posts for the highest quality people.

You know we are all economic animals, and the financial thing is, maybe marginal in some cases, but it operates. I have seen it operate, and had personal experience with it.

Senator **Pressler**. Well, let me say that——

Mr. **Spiers**. And incidentally we estimate that the cost of this now is $250,000, so that you know in overall budget terms I think that that is still the correct decision to have made.

Senator **Pressler**. How would you react to a proposal to extend overseas tours to 3 or 4 years, at a minimum, so as to save money and to increase expertise at the post?

Mr. **Spiers**. We have looked into this very, very carefully and done cost analyses of it, and we have recently within the last year increased the standard tour of duty overseas to 3 years.

The only exceptions are junior officers, who are on their first or second assignment, or nonsenior personnel, secretaries, and communicators in 20 or 25 percent differential hardship posts. We figure that the total saving by that change, which involved about 1,400 people, was about $3.5 million.

We also looked at whether that saving could be extended by moving to 4 years, and we concluded that the disadvantages of that, in terms of the assignment process, would outweigh the advantages and that in monetary terms it would be essentially a wash, because you have to then start calculating what you spend for home leave and R&R travel and balance that against the savings that come from a longer tour of duty.

Senator **Pressler**. According to a recent GAO report, the American Ambassador to Thailand ordered his staff to spend $47,500 on the purchase of an additional 270 placesettings of sterling silver for his residence. Do you believe there was legitimate need for an American embassy in a developing country to have 300 placesettings of sterling? Are you familiar with that GAO report?

Mr. **Spiers**. I am not familiar with that at all, and I will have to provide an answer for the record? I would say in connection with Senator Helms' earlier statement that the Inspector General has never been subordinate to the Under Secretary for Management. He is an independent authority in the State Department, reporting directly to the Secretary of State.

Senator **Pressler**. I would very much like you to answer that for the record, if you could. It is a question from a recent GAO report.

Thank you, Mr. Chairman.

The **Chairman**. Thank you, Senator Pressler. Senator Murkowski.

Senator **Murkowski**. Thank you, Mr. Chairman.

I am looking at your detailed budget comparison and your increase from fiscal year 1987 to fiscal year 1988. I note that about $520 million, which makes up most of the increase, which totals about $558 million, is in the area of administrative services.

This is for ongoing operations, salaries, and expenses. Then you go down to the diplomatic security program and you have another $104 million for salaries and expense.

Now, what you are telling me is your general and administrative expenses, including salaries, about equals your diplomatic security program for salaries and expense of $104 million increase. Is that a correct interpretation?

Mr. **Spiers**. I do not think so. The salaries and expenses request for the diplomatic security program this year are $231——

Senator **Murkowski**. But it is under the $4 million over fiscal year 1987. Is that not correct?

Mr. **Spears**. The fiscal year 1987 appropriation in that category was $127 million.

Senator **Murkowski**. So the difference is $104 million?

Mr. **Spears**. Yes. You are correct. I am sorry. $104 million.

Senator **Murkowski**. Could you explain the relationship, if you will, of listing a regular administrative function involving salaries and expenses which are obviously a significant annual operating occurrence, and then divorcing and listing separately the salaries and expense under diplomatic security?

I find an inconsistency here and I think it bears some examination. In fiscal year 1986 your salaries and expenses associated with diplomatic security were $283 million. In fiscal year 1987 $127 million. Then in fiscal year 1988 you come up to $231 million.

So, you are up $104 million. Now, that is about the amount of the increase of your total salaries and expense for the administration of the entire State Department, as far as the relationship of increase.

Mr. **Spiers**. Can I go back a little bit to what is behind this?

Senator **Murkowski**. If you could zero in on the specifics.

Mr. **Spiers**. We have wanted to keep a separate identity for the funds that are being spent, pursuant to the Inman panel report, which was separately authorized by the Congress of the United States.

That is why we have two items, the diplomatic security program in terms of construction, the construction program and the diplomatic security program in the nonconstruction area.

Senator **Murkowski**. All right. In this construction program or the administration program, I am curious. In the Inman report you found that 134 out of 263 posts were substantially below minimum security standards.

That implies some building or construction. Here we are dealing with salaries and expense, not construction, because the next category is acquisition, maintenance of buildings abroad. In that category, as you know, you are up $210 million but I assume that is an annual program, you are going to do so many buildings each year.

What is the justification for the tremendous increase in salaries and expense, when you do not have your building ready to go?

Mr. **Spiers**. Well, there are a lot of security programs that are not building programs. There is protection of——

Senator **Murkowski**. Is this more personnel?

Mr. **Spiers**. Yes. Largely personnel.

Senator **Murkowski**. Salaries and expense are personnel?

Mr. **Spiers**. And costs related to those personnel.

Senator **Murkowski**. Well, yes, but it is listed as salaries and expenses and you have to assume that salaries are a major portion.

What is your increase in personnel in this category of diplomatic security program for fiscal years 1986, 1987, and 1988? That figure has gone from $283 to $127 million and back up to $231 million.

Mr. **Spiers**. I think that the total staffing foreseen in the Inman panel is somewhere around 1,200 people.

Senator **Murkowski**. What was it for each of the 3 years, please? And in fiscal year 1986, what did you have under the number of personnel under diplomatic security programs, salaries and expenses?

Mr. **Spiers**. Could I ask Bob Lamb, who is Assistant Secretary for Diplomatic Security, to give you an answer to that?

Senator MURKOWSKI. Now this is personnel numbers associated with the expenditure of these funds.

Mr. LAMB. Senator, first there is a distortion in looking at year by year from——

Senator MURKOWSKI. I know, but that is all we can look at.

Mr. LAMB. Because some of the fiscal year 1986 money that was given to us in the supplemental included in here was——

Senator MURKOWSKI. Why do you not just give me the number of personnel associated with each of these years in that category?

Mr. LAMB. Yes, sir.

Senator MURKOWSKI. $282 million for fiscal year 1986. How many personnel did you have who spent that money?

Mr. LAMB. Yes, sir. We have had 536 positions in 1986 and 1987.

Senator MURKOWSKI. 536 positions. All right. What did you have when you spent $127 million in salaries?

Mr. LAMB. Salaries and expenses includes more than just salaries. Salaries and expenses includes——

Senator MURKOWSKI. I know. But that is most of it. Salaries are most of it.

Mr. LAMB. No, sir; it is not.

Senator MURKOWSKI. What is most of it?

Mr. LAMB. Most of the money in 1986 for us was physical security changes in the Embassies.

Senator MURKOWSKI. Well, yes, but you have another category, acquisition and maintenance of buildings abroad and then you have protection of foreign missions and officials and research and development. I am sure that in salaries these generally do not include expense other than those associated with the personnel costs.

Mr. LAMB. Yes, sir; we do.

Senator MURKOWSKI. Well, I find it very difficult to try to oversee a budget when you have got those figures mixed in. Would it not be more appropriate to pull those out?

Mr. LAMB. Sir, I think it probably would be, but these are general Government accounting practices.

Senator MURKOWSKI. Let us get the figures associated with what you have got. You have 536 people in 1986 and how many did you have in 1987?

Mr. LAMB. 536.

Senator MURKOWSKI. 536 in 1987. And how many are you asking for in 1988?

Mr. LAMB. We are asking for an increase of 258.

Senator MURKOWSKI. An increase?

Mr. LAMB. Yes, sir.

Senator MURKOWSKI. That would bring it up to somewhere in the area of 780.

Mr. LAMB. Yes, sir.

Senator MURKOWSKI. That is your big personnel figure. You are going to add 200-and-some-odd people.

Mr. LAMB. Yes, sir.

Senator MURKOWSKI. What are they going to do? 250 new people.

Mr. LAMB. Yes, sir. There are two labor intensive programs in this request. One is an increase in positions for the protection of foreign diplomats.

Senator MURKOWSKI. Does that mean more Marines?

Mr. **Lamb**. No, sir. That means more security agents.

Senator **Murkowski**. More State Department security agents.

Mr. **Lamb**. Yes, sir.

Senator **Murkowski**. 250 more.

Mr. **Lamb**. Yes, sir.

Senator **Murkowski**. How many more next year?

Mr. **Lamb**. I see this program leveling off next year.

Senator **Murkowski**. You do not see any more next year?

Mr. **Lamb**. Well, I cannot anticipate that at this point.

Senator **Murkowski**. I find it rather surprising that you have a fixed amount in 1986 and in 1987 and suddenly add 250 more. In so doing you are going to increase that by $104 million.

I do not know anything about how you make your breakdowns, but I would be willing to suggest that the significant increase in this category is in personnel costs, contrary to what you said earlier, that it was in other expenses. If you are adding 250 personnel, it has got to be costing you——

Mr. **Lamb**. No, sir.

Senator **Murkowski**. What is it, then?

Mr. **Lamb**. The 536 positions in 1986 and 1987, in fact, represent a substantial increase for us. On paper it looks like it is level, but in fact the Congress authorized us substantial increases in 1986, which would come into play in 1987, because of the problems we have in recruiting and training security officers.

This is part of a plan that we presented to the Congress 2 years ago, sir.

Senator **Murkowski**. OK, but it is coming aboard, and in your 1988 figure you have indicated you are planning, if you get your money, to hire 250 more security officers.

Mr. **Lamb**. Yes, sir.

Senator **Murkowski**. All right, well, Mr. Chairman, I think for the purpose of this committee, unless we have a realistic breakdown of salaries and administrative expense associated with salaries and whatever else is in there, which I am told, Mr. Chairman, is more significant than salaries.

We should be able to look at that, because ordinarily you would expect that figure to be carried under some other aspect of the diplomatic security program, either acquisition and maintenance of buildings or protection or whatever. I find that this information is just not sufficient to attempt to draw any in-depth comparisons here.

We are looking at a proposed increase of $558 million, of which $520 million is for administration of foreign affairs, the administrative function. I just do not think we have enough information here to work with.

The only other comment I would make is that I recognize that many of these increases can be justified. The problem is that we are asking every agency to reprioritize, to try to reduce expenditures in those areas that do not have the highest priority.

As you take on your budget requests it would be interesting to have for the record specifically how much of the security increase requirement you have is associated with this increase of $558 million. In my questions, Mr. Chairman, I do not feel I got that information.

Mr. SPIERS. We have that information. It is here and we can give it to you for the record.

Senator MURKOWSKI. Well, I think we need it more than for the record.

Mr. LAMB. Mr. Senator, our hiring costs us $1.6 million a month in 1987, so our total salary costs for increases for the Bureau of Diplomatic Security would be in the neighborhood slightly under $20 million.

The bulk of these costs that we are asking for in 1988, going to two programs that are dollar intensive. One is the physical security changes in our Embassies. Now this is not constructing Embassies. But these are making those changes, public access controls, perimeter security.

Senator MURKOWSKI. On this form, what is that reflected in? What number? That is all we have to look at.

Mr. LAMB. My eyesight is terrible. I cannot see that.

Senator MURKOWSKI. It says the 1986-88 Detailed Budget Comparison Of All Appropriated Funds, Department of State, page 4.

The CHAIRMAN. Maybe we could agree that you would submit these figures and the figures that Senator Murkowski justifiably wishes, and submit them for the record.

Mr. LAMB. Yes, sir.

Senator MURKOWSKI. That is fine, Mr. Chairman. I do not intend to take any action until I have the chance to examine this. I feel it is a matter of importance, enough for the committee to reflect on.

Senator HELMS. If the Senator will yield, just for a comment, Mr. Chairman.

I have never seen worse prepared people come up here. They cannot answer anything. Now do you know the answers? I mean, why are you here if you do not know the answer to the questions like this?

Mr. LAMB. Sir, I think the confusion is that salaries and expenses for the State Department are not primarily salaries. Salaries and expenses are a wide range of expenses.

Senator HELMS. We are going to get into that too.

The CHAIRMAN. Thank you very much, Senator Murkowski. Senator Trible.

Senator TRIBLE. I have no questions. Thank you.

The CHAIRMAN. Senator Evans.

Senator EVANS. Thank you, Mr. Chairman. Let me make a comment or two comments.

First, I am more concerned about the adequacy of the total budget. It may not be in the management of the State Department, but certainly in the total budget for foreign affairs I think we are likely to get a budget mark out of the Budget Committee which will be inadequate to carry on the activities of the United States as it relates to our responsibilities throughout the world.

I stated that at the time that we sent a letter to the Budget Committee and we shall see what the Budget Committee comes back with. But I would be willing to lay a small wager that it will not be any larger. In fact, it may well be smaller than the total amounts of money for this year which in turn have been successively smaller in the total spending over the last several years.

It has led to what has been testified to here this morning, closure of consulates, reduction of our presence overseas. I do not believe that this is an appropriate time for the United States to start to withdraw from its overseas representation.

Second, just one comment to my ranking member, I can say that I disagree with the distinguished Senator from North Carolina. I think the concept of the redecoration of the top floors of the State Department is a magnificent concept. It is important to our representation.

I know I am proud every time I go there and have an opportunity to meet and to have a chance to get to know better some of our foreign dignitaries who come here and who are not entertained at the White House. I am proud every time I see the desk on which the Treaty of 1783 was signed.

The alternative, I suppose, is to have either an ordinary, or perhaps even better if we wanted to save money, a shabby and shoddy appearance. If that is the kind of face we want to present to the world, so be it. I would not support that.

The people who may have donated items and thus, received tax benefits, are perfectly capable of doing so and do donate to other causes and receive the same tax benefits. So I think that is a specious argument.

I would say I was very proud of my wife, as first lady of the State of Washington, who accomplished on a much smaller scale, essentially the same thing. Seeking and acquiring donations for an effort that changed remarkably the Governor's mansion, which was the major area for entertainment in the State of Washington to distinguished visitors.

I for one do not begrudge what has happened. In fact, I applaud what has happened on the top floors of the State Department.

With that let me turn to overseas construction, particularly that construction which is related to diplomatic security. We have had several years now, or a number of years, of increasing amounts of money set aside for overseas construction, with particular emphasis on security and the replacement of Embassies where they are in locations that cannot readily be secured.

How much do we have in the pipeline now? How much are we working with and how much is currently being carried on, given no additional money coming this year?

Mr. SPIERS. We have about a total of $1 billion in the pipeline, and I think out of that figure somewhere——

Senator EVANS. $1 million?

Mr. SPIERS. $1 billion. Somewhere about $150 million has been obligated.

You understand of course the construction projects have to be conducted over a period of years.

Senator EVANS. I understand that. I used to be in the construction business.

Mr. SPIERS. We now have four of the Inman proposals in construction, six of them under bid for construction contracts, and six in design and development or planning.

As Senator Murkowski cited, the Inman panel used a very big figure. I think it was something like 135 of our buildings did not meet minimum security standards. We have prioritized those.

Those stretch off into the future and we have tried to begin with those that we think represent the greatest security problem for us, and that is what we are doing.

Senator Evans. If we were to authorize more money this new fiscal year, fiscal year 1988, given the size of the pipeline and the necessary preliminaries that go into any construction project, is it likely that any of that money would actually be, for the construction phase, or would it be for the preparation, design, etc.

Mr. Spiers. I think it would not enter the construction phase but you know you have the site acquisition, design, site development, and those things.

What we have tried to do pursuant to the Inman panel is to get away from a procedure which plagued us previously, where you would get money for one discrete element of a long-run project and then have to go back to get the second.

So what we have gotten is a total $2.4 billion authorization for much of the program.

Senator Evans. As long as we are talking about authorizations rather than appropriations, you want to work on the basis of authorizations for the total estimated construction of each discreet piece of the program.

Mr. Spiers. That is correct.

Senator Evans. Knowing that appropriations will follow along considerably later.

Mr. Spiers. Yes.

Senator Evans. Let me get back to the question that my colleague from Alaska was asking. I think that I have some idea of what the differentiation is in your acquisition and maintenance of buildings abroad program.

Speaking now just of diplomatic security. You are requesting an increase from $213 to $416 million. That is a program which started just several years ago, has been building in amount, or at least your proposal is to build an amount as we expand this effort.

After a few years we will be caught up and presumably we will have a decreasing or at least a leveling off in terms of total requests. Is that correct?

Mr. Spiers. That is correct.

Senator Evans. Now the distinguishing feature between the acquisition, maintenance of buildings abroad and the diplomatic security program under salaries and expenses. First the $104 million increase, when you are talking about 250 people, just a quick calculation.

If you say that $50,000 per person, as salaries and, that may be a little understated, but that is only $12.5 million. I think I heard you say that $20 million was associated directly with salaries and direct salary expenses. If I heard correctly that would leave $84 million as nonsalary and nonsalary expense items in what otherwise looks like a salary and expense field.

Do I understand correctly that the other $84 million is in the sort of construction work that surrounds making a sentry post more secure and that that is not concluded to be large enough to be under the acquisition and maintenance of major structures. Is that a fair comparison?

Mr. SPIERS. I can give a better answer now to Senator Murkowski. I really just do not have all of this stuff in my head.

The request for 1988 of $231 million is in good part annualizations of programs and people hired before.

Senator EVANS. But you did have 536 people.

Mr. SPIERS. This includes the pay for them.

Senator EVANS. And some of those people have come on midyear or during the year?

Mr. SPIERS. That is correct. Now the program increases totals $74 million and 258 positions.

Now let me just go through the four major programs, and you can see——

Senator EVANS. When you say program increases of $74 million, that means that $30 million is for the new personnel and annualizing the cost of——

Mr. SPIERS. This includes new personnel. It is new personnel and programs, so that the difference between the $231 million and the $74 million is annualization.

Now the $74 million is broken down, $16 million and 91 positions are for critical programs to combat hostile foreign intelligence espionage efforts against U.S. diplomatic posts abroad.

Senator EVANS. Ninety-one personnel does not come up to $16 million by a long shot, unless they are pretty high priced personnel.

So what specifically would the other portion be for?

Mr. SPIERS. $14 million and 46 positions are to protect sensitive equipment. This includes copying machines, typewriters, communications equipment, the shipping of them, the examination of them; $25 million is for security of our office buildings. This includes perimeter access controls for domestic department office buildings, including our high-risk passport agencies, construction security for 12 overseas office buildings to prevent implanting of espionage devices, public access controls for these twelve buildings, engineering support, and CB support.

Then about $8 million is for the protection of lives of American and foreign diplomats. This includes emergency mobile radio, the protection of visiting foreign dignitaries who might have threats, the protection of the Secretary, the armored vehicles for endangered USIA, AID, Commerce employees overseas, and replacement of wornout follow cars for U.S. Ambassadors at high-threat posts.

Senator EVANS. I understand, but just to clarify one thing, Is the characterization, putting those elements under salaries and expenses, is this the requirement of OMB? Is this a standard requirement?

Mr. SPIERS. I think it is standard. We do conform with OMB's presentation.

Senator EVANS. Thank you, Mr. Chairman.

The CHAIRMAN. Senator Sanford.

Senator SANFORD. I have nothing right now.

The CHAIRMAN. Senator Kerry.

Senator KERRY. No questions.

The CHAIRMAN. Senator Kassebaum.

Senator KASSEBAUM. No questions, Mr. Chairman.

The CHAIRMAN. Mr. Spiers, what steps has the Department taken to provide professional employment opportunities for the spouses of foreign service officers stationed overseas? I realize this is an increasing problem. What are you doing about it?

Mr. SPIERS. Well, what we have done is essentially limited to negotiation of reciprocal agreements with other governments which permit reciprocity in getting work permits. We try to maximize the opportunities for employment within Embassies through the American Family Member Program and the PIP, the permanent intermittent part-time positions.

We did develop a pilot program pursuant to Senator Mathias' desires to get a more structured and permanent program to provide opportunities for spouses. That program was developed. We submitted it to Congress, but we have had to put it aside because of the budget constraints.

The CHAIRMAN. Would you not save a good deal of money if assignments were made for 3 or 4 years at a minimum? And why is that not being done?

Mr. SPIERS. As I said earlier, we now have a standard 3-year assignment. The only exceptions are junior officers. The reason we do that is because there is a 4-year tenuring period and we want to watch the juniors in two different assignments in different places and in different cones.

And also, the exception is for secretaries and communicators in high threat posts, 20 and 25 percent differential posts or difficult positions. And I think that, without implying anything pejorative about secretaries or communicators, their skills are more directly transferable. They are not required to build up the kind of network of contacts that other people are where there is an argument for a longer tour of duty.

The CHAIRMAN. Speaking of the cones, there used to be four cones: diplomatic, consular, administrative, and economic. Is there now a fifth cone, USIA, or not?

Mr. SPIERS. Well, yes and no. In the State Department there are four cones: political, administrative, economic, and consular. USIA officers are recruited through the same recruiting and examination process, and they are public information officers, but they are all in USIA, not in State Department. So in that sense———

The CHAIRMAN. For variety, will they not be transferred to duty in the other cones?

Mr. SPIERS. There are cross-assignments, yes. State Department people are assigned to USIA and vice versa.

The CHAIRMAN. That came out of—the original concept came out of my legislation that created foreign service information officers. And the idea is that there should be this cross-fertilization.

Mr. SPIERS. And there is.

The CHAIRMAN. How many chiefs of mission are presently on post?

Mr. SPIERS. Right now there is only one, and that is our Ambassador in Yemen.

The CHAIRMAN. And incidentally, what is the number of—the percentage of career Ambassadors to the total number of Ambassadors, chiefs of mission, as of now?

Mr. SPIERS. Right now it is about 60 percent career, 40 percent noncareer.

The CHAIRMAN. When did we last have such a low percentage of career Ambassadors, what year?

Mr. SPIERS. I do not know. I am told it is back in the Kennedy administration.

The CHAIRMAN. Maybe you could submit that year to me for the record.

I believe existing law—in fact, I know it is because my amendment makes it the policy of the United States to contribute 20 percent of the regular budget of the International Committee for the Red Cross. Does your budget envision meeting the requirements of this amendment?

Mr. SPIERS. Yes; it is in the refugee project.

The CHAIRMAN. It does provide for the 20 percent?

Now, in connection with this budgetary climate, which as you can see is pretty bleak, how do you justify a 66-percent increase in the—I guess you are not speaking here for the National Endowment for Democracy?

Mr. SPIERS. No.

The CHAIRMAN. I have no further questions.

Senator Helms.

Senator HELMS. Mr. Chairman, let me comment to my friend from Washington, the distinguished Senator Mr. Evans, nobody has proposed shabby quarters for the Secretary of State. I was not aware that Henry Kissinger occupied shabby quarters. As a matter of fact, in 1981 carpeting was installed throughout, at $100 a yard; and about 2 years later it was ripped out and replaced. I do not think the carpet had become shabby during that period.

Now, 1985, after Mr. Kissinger's remodeling 10 years ago, we began the new remodeling, and that is what I am driving at. Now, let me reiterate that the taxpayers are not home free on these contributions. And I commend Mrs. Evans for the fine work she did while she was the first lady of the State of Washington.

But the fact remains that contributions of this nature are very costly to the taxpayers, particularly when there has been a remodeling 8 or 10 years earlier.

Mr. Spiers, you made a comment which was a non sequitur in my judgment to Senator Pressler. You stated that the independent Inspector General has never been subordinate to you. Well, that is correct. He is not even subordinate to the Secretary of State. That is the whole purpose.

In the first place, the reason I submitted the legislation requiring an independent Inspector General—and the key word is "independent"—the reason Congress enacted it was because the State Department alone in all the Departments had not had an independent Inspector General.

And that is the reason I went to such lengths on the legislation. And I was rejected by the State Department. There was all sorts of moving around, trying to evade and avoid the intent of the legislation.

I am not going to get into personalities and who participated in that. But you know and I know who it was. It has always been a foreign service officer who was the IG, but he was not independent.

That is sort of like putting a mouse in charge of the cheese factory, and that is the reason I believe that so many of these things that Senators are raising questions about occurred.

Now, it does not matter who is subordinate to whom. I agree with you, the IG, whomever he may be, is not subordinate to you. But I take it that you will agree that your responsibility as Under Secretary of State for Management is to monitor and cooperate in all of the aspects of the management of the State Department.

Let me get back to where I was in the line of questioning. I anticipated that you are going to cite the law in terms of the secrecy, in terms of who had been helping pay for the remodeling effort. You did not. You just said we have been going on since the 18th century.

But you perhaps overlook the fact that the present law changes all of that. Now, the law, 31 United States Code 3526(e), does allow the President or the Secretary of State to decline to disclose information "when an amount of money is expended under law for a treaty or relations with a foreign country." That is it. That is all there is to it.

There is no justification for the President or the Secretary of State or anybody else to withhold information about who contributed, who paid for a remodeling of the Secretary of State's office, whether it was needed or not.

Now, I ask you again if you have any notion, contrary to what you said earlier, about withholding the information about that?

Mr. SPIERS. Senator, I am not a lawyer.

Senator HELMS. I am not either, but I can read the English language.

Mr. SPIERS. What I said is that we are prepared to brief anybody or discuss with anybody in executive session the use of the confidential funds. If you are correct about this, then we will provide it openly to you.

Senator HELMS. Well, I think we ought to get about that, because I think the American people have a right to know, those who want to know. And I think a substantial number of them would want to know.

Now, the word "confidential"—and incidentally, I commend you on not being a lawyer. I am not either, and I consider that a virtue.

Mr. SPIERS. I am not a Senator, either.

Senator HELMS. Is it not a fact that you borrowed taxpayer funds to finance a substantial part of this renovation?

Mr. SPIERS. Yes. I assume the people who make these donations take them as tax deductions, and therefore there is a taxpayers' cost to this.

Senator HELMS. I did not make myself clear. Taxpayers' funds, appropriated funds, were—what is the name of the fund? The Emergency and Diplomatic Fund.

Now, how many hundreds of thousands of dollars were borrowed from that fund? You do not contend that that fund was charitably furnished by some benevolent individual, do you?

Mr. SPIERS. No. As I recall, there was one incident some time ago where an advance was made to cover a gap from that fund and then repaid. But I do not have the figures or the times.

Senator HELMS. Do you want to get that for me?

Mr. **Spiers**. Yes, sir.

Senator **Helms**. Now, I am pushing this subject, not because I do not admire that office, just simply because I think the public and the Congress have a right to be aware that it is not merely privately contributed money that has been used for these decorating schemes.

Now, only in that way can it be evaluated, the worthiness of it. One day, for example, if the Secretary of State persuades the Congress to give him authority to build a private residence for the Secretary of State, it will be said: "Well, this is being given by people who wanted to give money; they lined up to give $100,000 apiece."

But one day the house is going to be a burden on the taxpayers. Somebody has to keep it up. And I do not think that line forms to the right, that they will do all the maintenance and all the rest.

Secretary of Defense Weinberger, for example, has a home in McLean, VA, where he apparently has security precautions, and that was the thing that Secretary of State Shultz mentioned the other day, where he had to have security. And he talked about the inconvenience of the Secret Service and so forth.

Secretary Weinberger has precisely the same problem, and I would imagine that just about every Cabinet officer—they all have security men trotting around with them.

Can you shed any light on why Weinberger was able to find a house suitable for protection, while Mr. Shultz was not?

Mr. **Spiers**. I have no idea. I have not been to Mr. Weinberger's house. I have been to Mr. Shultz' house. I know that he feels quite a personal, strong personal commitment to this project, and I think he has explained his reasons to you as well or better than I can. And I do not see that there is much that I can add to it.

Senator **Helms**. But at this moment—and I will conclude at this round of questioning, Mr. Chairman—we do not know how much was borrowed from this fund to finance——

Mr. **Spiers**. No, I do not.

Senator **Helms**. You do not have any idea?

Mr. **Spiers**. I just do not have a recollection.

Senator **Helms**. But you do think you can find out?

Mr. **Spiers**. Yes.

Senator **Helms**. You will let us know?

Mr. **Spiers**. Yes.

Senator **Helms**. Thank you, sir.

The Chairman. Thank you, Senator Helms.

We now have a quorum, so if the witnesses will excuse the committee for a moment while we get on with some committee business, which is of interest to you, I might add. We will come back, if we may, to you shortly.

[A brief recess was taken.]

The **Chairman**. So now I think we can return to Mr. Spiers.

In view of the fact that legislation will probably be introduced to keep these consolates from being closed and also adding Nice to the list to be reopened, is it foolish to go ahead with their closing until you see what happens to this legislation?

Mr. **Spiers**. Senator, I did not know such legislation was being introduced.

The CHAIRMAN. I will introduce it if no one else does, so I can assure you it will be.

Mr. SPIERS. I think we have a real problem. We just do not have the money to keep all of these places open. We have gone through a very careful process where we have identified the relative significance and political, economic, and consular terms for all of our posts. You know, if you do not do the lesser important ones, then you are going to have to do more important ones because we really have to find the savings.

The CHAIRMAN. Anyway, be braced for that legislation. Thank you.

Senator Helms.

Senator HELMS. Mr. Chairman, I think I am going to have to submit a number of questions in writing, Mr. Spiers, but let me touch briefly on one or two.

Does the State Department decline to deduct District of Columbia income taxes for FSO's who live in the District of Columbia?

Mr. SPIERS. FSO's who live in the District?

Senator HELMS. Supposedly live in the District of Columbia. Do you or do you not deduct the District of Columbia income taxes?

Mr. SPIERS. I suspect that we do. If the officer says that he is liable for District of Columbia income taxes, I think it is probably the same as if he is a resident in Virginia or Maryland, that the taxes are deducted.

Senator Helms? Do you want to check on that? My information is that the Department has flatly refused to deduct local income taxes from the employees if they are FSO's living in the District. I do not require you to know the answer to that. How about checking on it? I think that you will find that you are wrong.

Mr. SPIERS. My taxes are deducted for Virginia, and that is because I tell them to deduct them. I would assume that a District resident who is liable for District taxes would have the same, but we will check.

Senator HELMS. I will tell you how we can prove the point. We approved a number of nominees today, FSO's, did we not? How about checking to see if their District of Columbia income taxes were deducted for the last 90 days? That is the best way to prove the point.

Mr. CHAIRMAN, the hour is late. This line of questioning will take 30 or 40 minutes, and I do not want to do that. Let me submit the questions in writing, and Mr. Spiers can respond in writing.

The CHAIRMAN. Thank you very much.

[The information referred to appears in the appendix.]

The CHAIRMAN. Senator Sanford, any questions?

Senator Adams.

Senator Murkowski.

Senator MURKOWSKI. Thank you, Mr. Chairman.

Mr. Spiers, I do not mean to imply that I do not support the State Department's request, but I believe next Thursday we are going to have a markup on your budget, and decisions are going to have to be made.

I would respectfully urge that you provide them with a little more definitive information, because I find that I cannot accept the information in your statement, nor is there enough detail in the detailed budget comparisons to intelligently respond to your request.

I will be very brief, Mr. Chairman.

On page 3, the explanation given in your supplemental, you have requested a supplemental of $119 million to help carry out the most critical programs over the next fiscal year 1988. "Funds, if approved, would help us to ensure that basic foreign policy infrastructure is maintained."

I find the word "infrastructure" rather confusing. I have never heard one single explanation of it. I think it hardly justifies an explanation for the supplemental request. I think one of the difficulties we have with supplementals is they are oftentimes synonymous with deficit.

We go through a budget process, and anything else we need we either call it a supplemental or call it a deficit, and that is how we get it. So I do not think that is really adequate, in all fairness.

On page 4 you indicate for 1988 an authorization appropriation of $3.6 billion, representing a $541 million increase above the 1987 funding level, assuming again, and this is your explanation, that the supplemental is approved.

Now, in addition, you plan to utilize permanent authorization totaling $85 million for payment for Foreign Service retirement funds and so forth. With all due respect, sir, I do not think this is justification for the increase of $541,000, nor is it represented in here in the questioning which I previously directed to you with regard to the salaries and expenses in both the ongoing administrative and the diplomatic security program.

So I guess, Mr. Chairman, my bottom line is unless I have a reasonable explanation, I am going to have to vote against this budget.

Mr. SPIERS. May I say something to the Senator?

The CHAIRMAN. Certainly.

Mr. SPIERS. We have provided to Members and their staffs quite detailed information on this. This book, for example, is available to everyone here.

Senator MURKOWSKI. That may be the case, but I have asked specific questions, and you did not have the answers, and you have the book.

Mr. SPIERS. The statement that you have read for us is a very cursory summary. I am prepared to have members of my staff meet with members of your staff and go over this in any level of detail that you want.

Senator MURKOWSKI. I would appreciate being contacted, and my staff will be available. I think if you would refer specifically to the areas where I have questioned, those are the areas that I am interested in.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Murkowski, and thank you very much, Mr. Spiers, for being with us.

We now move on to the panel of Mr. Anthony Wallace, a member of the Foreign Service Institute Coordinating Group, and Mr. Gerald Lamberty, President of the American Foreign Service Association.

I do not know who it was that said "let there be light," but now we say "let there be dark." I welcome you.

As you can see, this hearing went on a little longer than we expected, so I would hope you could limit your statements to 4 or 5 minutes in each case.

Mr. Lamberty.

STATEMENT OF GERALD P. LAMBERTY, PRESIDENT, AMERICAN FOREIGN SERVICE ASSOCIATION

Mr. **Lamberty**. Mr. Chairman, I have submitted a short statement for the record, and I will be even shorter and just leave it for whatever questioning you would like to go into.

First of all, the Foreign Service Association would fully support Mr. Spiers' efforts and his testimony today to get adequate funding for Foreign Service activities. Over the years we have been tending toward a smaller and smaller Foreign Service covering a larger and larger operation of other U.S. Government agencies which somehow do not seem to have the budgetary problems that we have. If current trends keep up, we will have an even thinner veneer covering a large mountain of other agencies.

Being fully in support of Mr. Spiers' efforts on the budget side, I must confess that I am fully opposed to most of his efforts on the personnel side which we were asked to testify on and be prepared for questions on today as well. I have in my testimony a brief rundown of some of our major concerns about how the implementation of the 1980 Foreign Service Act as implemented by the State Department at this time is having, I believe, disastrous consequences for the effectiveness of the organization and certainly for the individual Foreign Service offices.

I could go into whatever detail you would like in the question and answer period.

[The prepared statement of Mr. Lamberty appears in the appendix.]

The **Chairman**. Mr. Wallace.

STATEMENT OF ANTHONY H. WALLACE, MEMBER, FS-I COORDINATING GROUP

Mr. **Wallace**. Thank you, Mr. Chairman. My name is Anthony Wallace. I am a member of the FS-I Coordinating Group, and I am speaking on behalf of several hundred FS-I's and officers of other ranks who are deeply concerned, as is the Foreign Service Association, with career personnel issues.

Mr. Chairman, there are about 800 FS-I's in the Foreign Service, roughly 19 percent of the Foreign Service. This is the rank just before the senior level, just before the so-called senior threshold.

FS-I's, as other officers, Mr. Chairman, are subject to rigorous competition as they move up through the Foreign Service. For example, when an officer reaches the rough pay equivalent of Army major, he or she has 20 years in which to get to the equivalent of flag rank. This is commonly known as the 20-year TIC, for time in class.

The 1980 act introduced an additional element in the up-or-out system so cherished in the Foreign Service. This is known as the 6-year window.

Under its provisions, an officer must opt to compete for the senior Foreign Service. Once the officer opts, he or she has six consecutive promotion boards in which to reach the level of counselor in the Foreign Service.

The members of the Foreign Service in general support the 1980 act. The problem comes, Mr. Chairman, in the implementation. In the past, a large percentage of Foreign Service officers expect to be promoted into the Senior Foreign Service. The reality is that perhaps half of the FS-1's can expect to reach senior rank under previous historical precedent. Under the 1980 act, it is becoming clearer that a far lower percentage will have that opportunity.

I have attached to our testimony, Mr. Chairman, a bar chart which shows what happened to promotions in the period immediately after the implementation of the 1980 act. They dropped in the years 1983 to 1985 by 30 to 50 percent. The reason for the drop in promotion was reported by the management of the Department to your committee. The decision was made to reduce the size of the senior Foreign Service, and as a result it was necessary to slow the promotion rates. However, in slowing the promotion rates, the management created a situation which squeezed officers at the rank of FS-1.

If I may very briefly read from a letter written by Ambassador J. William Middendorf when he was OAS Ambassador which speaks to this issue, he said in a letter to the Wall Street Journal, "I am distressed to see that the restructuring of the service as required by the 1980 act which is designed to reduce a current surplus of senior officers may also result in the loss of many talented midcareer officers for whom there will be no room in a shrunken senior Foreign Service."

He goes on to comment that this is, in his view, a conspicuous waste of talent and experience, and he urges that the Department, the Congress, and the administration take a close look at the problem.

Mr. Chairman, in closing, we are talking about the possible reduction of 300 officers of the rank of FS-1 over the next 3 years. Our group believes that we risk wasting a national asset; namely the Foreign Service.

The way the act has been implemented has affected morale in the State Department. It is not easy to replace the skills developed in a Foreign Service officer who has served anywhere from 18 to 25 years. I am thinking of language skills, area expertise, functional skills such as economics and street skills such as negotiating ability unique to FSO's.

It is very similar, Mr. Chairman, to a situation where an asset is sold just as it has been amortized. The FS-1 group and AFSA have worked together to try to raise the consciousness of management on these issues. We have urged them to step back from the abyss and contemplate before taking the drastic action which is proposed.

Management's response has been that we do not wish to change course until we see whether the policies that were designed in the 1980 Act will work. That is very much like a ship captain who stays on course knowing that there are rocks on the way, but wishing to hit those rocks in order to test the strength of his ship.

We have submitted a couple of recommendations for corrective action, Mr. Chairman, one of which would be to rationalize implementation of this system to make it more consistent with the intent of the act. The intent of the act was to provide a regular upward flow of talent through and into the senior Foreign Service. We think that some changes must be effected in order to allow the Department to retain needed senior officers without impeding promotion opportunities from below.

Thank you.

[The prepared statement of Mr. Wallace appears in the appendix.]

The CHAIRMAN. Thank you very much, indeed.

I am concerned about the morale of the Service because that is a very important factor. I remember having joined the Foreign Service more than 40 years ago myself. I can never recall a decade in the years since when there has not been acute morale problems for one cause or another cause; yet, the Service seems to have a resilience that is really remarkable. I think the resilience is shown by the caliber of the young people who take the exams each year and the relatively small number who pass.

What is your own view specifically that one should do? One thought I have sometimes is that maybe we should have a much smaller Foreign Service. I know that so many of the successful services abroad have small entering class, and provided you do not make an error, an egregious error, you probably become an Ambassador, each one of those men and women when they join.

With us, it is very different. It is more akin, I think, to Annapolis or West Point where your chances of getting a star are maybe 2 percent or something of that sort.

I know I have often told young Foreign Servicers who come up to the Hill that you have to go into the Foreign Service perhaps more like you go into the clergy, because you enjoy the parochial life, not to make bishop. It is not received with much enthusiasm. The problem now is you cannot even make monsignor, as I get it. You are having the people pushed out at the middle level.

What we can do about it, I do not know except to say to accept smaller entering classes in a few years.

What do you think, Mr. Lamberty?

Mr. LAMBERTY. I think you are right, Mr. Chairman. Talking about the fact that the Foreign Service morale perhaps has never been good in my 31 years, that is probably due to the high expectations of the officers when they come in. I think Mr. Wallace's and my concern is not only that the impact of this policy is not only making people unhappy and, therefore, less productive, but that it has very many dysfunctional dimensions to it in the performance, the reaction of the officers to the fact that they see large numbers of their peers, very good officers, going off and being shoved out; therefore, they have to react, by refusing to take positions which are not considered career enhancing, for example, by being in Latin America, which I am most familiar with.

You cannot get a senior officer to take a senior officer position except as Deputy Chief of Mission. He does not want to be political counselor in Mexico, in Argentina, in Brazil because those are not considered career enhancing positions. He has to be a manager.

So the whole emphasis now is on management; in other words, having a large number of people working for you as opposed to having a certain level of substance.

The CHAIRMAN. What is your suggestion?

Mr. LAMBERTY. What I am suggesting is that we have to change the system so that it can retain the substantive knowledge, the area language, expertise.

The CHAIRMAN. How do you do it?

Mr. LAMBERTY. You do it by, in specifics, there are various possibilities within the law, and we would have to negotiate those with the committee. There are some differences of opinion, I am sure, between Mr. Wallace and myself.

The CHAIRMAN. So far, you have not given me a single example of what should be done.

Mr. LAMBERTY. Well, what we should start with is not shoving off so many good performing people.

The CHAIRMAN. How do you do that?

Mr. LAMBERTY. Well, for example, you have a 6-year window. The law permits you to make it a 12-year window. You have a percentage of people that you can give—all these things are within the control of the management of the State Department.

The CHAIRMAN. Would there be enough jobs if you had a 12-year window?

Mr. LAMBERTY. Certainly there would be. What the system is running now is a system in which they bring in every year 100 to 150 new people that will leave voluntarily or by selection out for poor performance at the bottom.

The CHAIRMAN. Then you are agreeing with me that we are bringing in too many people?

Mr. LAMBERTY. Certainly. I agree with you entirely.

The CHAIRMAN. In other words, the entering class, how much is it now?

Mr. LAMBERTY. It is somewhere between 250 to 300.

The CHAIRMAN. That should probably be halved?

Mr. LAMBERTY. I would think so.

The CHAIRMAN. That is a very specific suggestion.

Would you agree with that, Mr. Wallace?

Mr. WALLACE. Yes, I could accept that, Senator.

I have another suggestion, also specific. We see a fundamental inequity in the way the act is being implemented. Right now, an FS–1 facing his or her last board has an 8-percent chance of survival. A senior facing his or her last board, in other words having used up all promotion opportunities, has a 78-percent rate of getting a career-extending benefit, either a limited-career extension of 3 years or a promotion.

We would like to see, and our Department tells us, that the act does not provide for this, the granting of limited career extensions to officers at the FS–1 level, officers who enlist for a temporary period, for officers who have shown that they can compete but who missed the boat because of low promotions in the years 1983 to 1985.

We have attached a proposal to our testimony, Mr. Chairman, which fleshes out the idea of limited career extensions for FS–1's.

The **Chairman**. We will consider that and your suggestions and read your testimony carefully.

Another suggestion was made the other day, and that is that a Foreign Service officer can retire after 20 years, but if he wants to he can then rejoin the service as a vice counselor starting out, if he can pass the exams.

Are any Foreign Service officers doing that?

Mr. **Lamberty**. I am sure you are referring to the article that appeared in the Foreign Service Journal a month or so ago which was slightly tongue-in-cheek, but if you want to go further in this tongue-in-cheek mode probably from a budgetary point of view, the Congress ought to insist that the State Department hire back those annuitants because the impact on the salary and the annuity together will be less than hiring an incoming fellow whose salary will continue.

The **Chairman**. But is this being done? That is my question.

Mr. **Lamberty**. I think probably some will do it because the job opportunities at this time with so many middle managers being pushed out of the private sectors and the colleges all jammed up with Ph.D.'s are not very good.

The **Chairman**. Would you submit for the record, if you could, the names of any Foreign Service officers who have done that?

Mr. **Lamberty**. I will do that.

The **Chairman**. I thank you very much indeed for being with us. I apologize for the lateness of the hour. Your testimony will be considered.

The final witness is Mr. Carl Gershman, president of the National Endowment for Democracy. I understand he will be accompanied by John Richardson, an old friend. I apologize to the two of them because of the lateness of the hour. A Democratic caucus convened about 5 minutes ago, so I will have to move along as quickly as I can.

Your whole statement, Mr. Gershman, will be inserted in the record as if read. Please proceed.

STATEMENT OF JOHN RICHARDSON, CHAIRMAN OF THE BOARD OF DIRECTORS, NATIONAL ENDOWMENT FOR DEMOCRACY

Mr. **Richardson**. Mr. Chairman, if I may, I also have a brief statement I would offer for the record, and simply say now that we are very grateful to you for scheduling and holding the hearing. We understand the problem of time, and we will be very expeditious. I will not make any further statement.

[The prepared statement of Mr. Richardson appears in the appendix.]

The **Chairman**. Thank you. That gives me a chance to ask a particular question which I want to ask you.

STATEMENT OF CARL GERSHMAN, PRESIDENT, NATIONAL ENDOWNMENT FOR DEMOCRACY

Mr. **Gershman**. Thank you, Mr. Chairman. I will try to be as brief as I can.

The **Chairman**. Submit the statement.

Mr. **Gershman**. My full statement will be submitted. I am happy to respond to questions or, if I could have a couple of minutes to make some brief comments.

The **Chairman**. OK, a couple of minutes.

Mr. **Gershman**. We are now entering our fourth year of operations, and I believe that in the short period of time in which the Endowment has been in existence we have launched, within the limitations of our budget and the difficulties of any startup period, a bold and sweeping program.

We are working in a global sense to promote democracy in many different and often difficult situations and to promote sound and stable democratic transitions in countries such as Paraguay, Chile, and Haiti. We were very active in the Philippines during the apparently successful transition to democracy there.

We are also working actively to promote the strengthening of new democracies such as Argentina, Peru, and the Caribbean countries.

One of the more ambitious areas of our work, as you know, Mr. Chairman, has been in the area of opening closed societies. Our work in this area includes activities which we have supported in Poland, with the Charter 77 in Czechoslovakia, Russian language journals and many other areas of work which promote these programs.

[The prepared statement of Mr. Gershman appears in the appendix.]

The **Chairman**. Thank you very much.

Really, the key question here, in this period of budgetary stringency, how can you justify 66 percent or two-thirds increase in your budget?

Mr. **Gershman**. Mr. Chairman, the $10 million increase which was requested by the administration would give us a budget of $25 million, which is less than four-fifths of the $31.3 million originally authorized for NED during our startup period when we were just getting off the ground.

We had the bad fortune to come along precisely when budgets became tight. We never had a chance to reach our potential, or even to come close to the approved startup level for the Endowment.

The highest appropriation which we received was in fiscal year 1985, $18.5 million, and that was during the period when the Congress prohibited our funding the two political party institutes. These institutes are now happily eligible for funding, and yet our budget has now been reduced to $15 million, which is less than half of what the Congress assumed would be appropriate for startup Endowment funding.

This has caused a tremendous strain on our resources, stymied the development of new initiatives and forced the abandonment of important programs. The administration's request is simply a modest attempt to put the program on a sound foundation, and I think the Endowment has to be understood in the context of its own unique budget history.

An adequately funded Endowment is important not just for us but for the country. In creating the Endowment, the United States raised the hopes of democrats around the world that we were going to make a new commitment to democracy, and the failure to follow through on this undermines the hopeful message that was sent and casts doubt on the seriousness of our resolve.

I also believe, Mr. Chairman, that the Endowment is one of the most cost-effective ways that we can find to promote democratic development abroad. The people that we are working with make the maximum out of the extremely limited resources that we can provide.

Finally, Mr. Chairman, I would like to make one last point. I am convinced that if we had had such a program underway in Nicaragua during the decades before 1979 there would have been a viable, democratic alternative to Somoza. Think how much we could have saved ourselves not only in money but also in grief if we had pursued a path of timely democratic commitment instead of neglect and complacency.

This point is the conclusion of a major study on Nicaragua by Shirley Christian, who wrote: "Only by promoting democratic political development on a long-term basis can the United States hope to avoid the hard choices between sending troops and accepting a regime that overtly opposes our interests." We cannot guarantee that a sustained program of democratic political development will avoid future situations such as this, but I feel confident in saying that the likelihood of similar setbacks in the future is greater if we leave the job of political development entirely to those who are opposed to democracy.

I think this is, in a word, Mr. Chairman, one of the most cost-effective things that we can do, and we should be putting the Endowment somewhere close to what Congress thought would be an appropriate startup level for this program.

The CHAIRMAN. Thank you very much. I think it is unlikely that Congress will, because that is a very substantial increase when everything else will be pretty much level funded, if that.

On the other hand, I am very conscious of the work you do, very conscious of the work that Brian Atwood does in the institute that he runs and all of your work.

So we appreciate your coming here. We will examine your testimony, and we wish you well.

The Committee on Foreign Relations now adjourns.

[Whereupon, at 12:40 p.m. the meeting adjourned.]

EMBASSY MOSCOW SECURITY

THURSDAY, APRIL 30, 1987

U.S. Senate,
Committee on Foreign Relations,
Washington, DC.

The committee met at 2:15 p.m., in room SD-419, Dirksen Senate Office Building, Hon. Claiborne Pell (chairman of the committee) presiding.

Present: Senators Pell, Moynihan, Helms, Pressler, Trible, and McConnell.

The Chairman. The Committee on Foreign Relations will come to order.

I am very pleased to welcome Under Secretary Spiers and our other witnesses today and look forward to their testimony.

The issue today is the question of Embassy security, a question of national security.

Over the last 6 years, our country has spent over $1 trillion to build more weapons, ships, aircraft, tanks, et cetera. But the security of our Nation depends on more than military hardware. It is also dependent on our ability to keep secrets.

This is why I find it really amazing that, at the same time as we are spending over $1 trillion supposedly to deter Soviet aggression, we allow them to construct major portions of our Moscow Embassy without any American oversight.

At the same time, we were aware that the Soviets were using every means they could to get secrets from the United States, we allowed them to develop the capability to steal our secrets, too, right there in Moscow. At the same time, the Soviets demanded that they be able to monitor every step in the construction of their Embassy here in Washington, we did not demand the same right in Moscow—although, as I said, they did demand it for the construction of their Embassy here in Washington.

Last year, Congress authorized the expenditure of hundreds of millions of dollars for diplomatic security programs. And, last year, the Foreign Relations Committee sent two staff members to visit Moscow. They came back and said in their report, dated last October, "Commonsense, however, would tell the average American citizen, without benefit of security or diplomatic training, that it would be foolish to allow a United States Embassy to be designed and constructed by Soviets."

I congratulate Mr. David Keaney and Mr. John Ziolkowski, who wrote that report. They gave it to us on October 20 of last year, and we, too, I guess, are at fault for not having followed up on their suggestions more vigorously.

Last year, Congress authorized the expenditure of hundreds of millions of dollars for diplomatic security. And, last year, as I have said, our two staff people made their report.

Despite the increase in funds, and despite repeated warnings from many quarters, the administration has not taken the necessary steps to correct the problems.

I look forward to hearing whatever measures the State Department is now proposing, and, until this mess is sorted out, I strongly support the President's decision to prohibit the Soviets from moving into their Embassy in Washington until our new Embassy in Moscow is also secure and suitable for operations.

I have underscored that policy by including such a provision in the Foreign Relations Authorization Act, which the committee will take up next week.

Speaking in a more personal vein, I recall my own service behind the Curtain, where, for a considerable length of time, we assumed that every room where we were was bugged. I was in charge of moving into a new consulate general in Bratislava, Czechoslovakia, and we assumed that anything that was said within the four walls of the building that we acquired from the Czech Government probably would be bugged.

In those last 30 years—almost 40 years, now—I think there has been a great advance in the techniques of bugging, and I think we should realize that in security, it is like the lady who is pregnant: She either is pregnant or is not pregnant. The building either has to be secure or it is not secure.

My view is that the important point to be made is that we have a chancery, or a working area, or a bubble, or whatever we want to call it, where people can talk absolutely securely. To try to make the whole complex secure I think would be a pretty difficult job, and we would never be sure. It is very hard to be selectively secure.

I realize that those of us who have been stationed behind the Curtain all get used—though we dislike it—to the feeling that you talk about nothing of a classified nature within the room unless, as I say, it is an area that has been swept and secured.

With that opening, I would welcome the statement from Mr. Spiers, and then we will proceed to questions.

Good, I now have a Republican colleague. I feel very relieved.

Senator TRIBLE. We now have symmetry, Mr. Chairman, and we are ready to proceed.

The CHAIRMAN. Exactly.

Mr. Spiers, the floor is yours.

STATEMENT OF HON. RONALD SPIERS, UNDER SECRETARY OF STATE FOR MANAGEMENT, ACCOMPANIED BY HON. ROBERT E. LAMB, ASSISTANT SECRETARY OF STATE FOR DIPLOMATIC SECURITY, RICHARD DERTADIAN, DEPUTY ASSISTANT SECRETARY OF STATE FOR THE OFFICE OF FOREIGN BUILDINGS, AND JAMES NOLAN, DIRECTOR, OFFICE OF FOREIGN MISSIONS

Mr. SPIERS. Thank you, Mr. Chairman.

As you note, over the last few weeks, a lot of our Nation's attention has been focused on these unfolding stories about espionage, bugging, and allegations of treason in our Embassy in Moscow, and Consulate General in Leningrad.

These are very serious and chilling charges, and, unfortunately, neither the facts nor the solutions can be easily summarized in banner headlines.

The facts are often overshadowed by the atmospherics.

We, of course, are deeply concerned about what has happened in Moscow and in Leningrad. Frankly, it is almost beyond belief that Marine security guards could do what they allegedly did there.

The United States has relied on the integrity of the Marine security guard system for almost 40 years. The program has a proud history. We never considered that we needed guards to guard the guards.

But several of these guards now stand charged with espionage.

In my view, treason cannot be justified or rationalized by a harsh or isolated environment, or by youth, or even by the quality of supervision. We have had clear rules restricting fraternization in Eastern European countries.

Sexual entrapment is an age-old staple of intelligence services. The Marines in Moscow understood this, but some of them knowingly violated the rules.

We cannot absolve the State Department or any other agency of Government of responsibility. All of the concerned agencies have to look within to see where our policies, procedures, and/or personnel failed us. With the help of the President's Foreign Intelligence Advisory Board, former Secretary of Defense Mel Laird and others, we are investigating the security breaches, assessing the damage we have suffered, and determining how we can prevent future recurrences in Moscow and elsewhere.

The fact of the matter, however, is that this administration, and particularly the Secretary of State, has taken the lead in correcting many of the long-neglected physical and technical security problems at our overseas missions.

The Department of State has taken the lead in pursuing a wide range of security initiatives over the past several years at all overseas posts, and in Moscow in particular.

In early 1984, we concluded that what we needed was a major, new program to cope with contemporary security challenges.

For this reason, I recommended to the Secretary of State the establishment of a panel of experienced outsiders to examine the entire range of security threats, physical and counterintelligence, against our overseas posts.

I recommended that Adm. Bobby Inman head the panel.

We knew that any comprehensive security program recommended by such a panel was going to require tremendous additional resources, but we felt that the time had come to lay out for Congress and for the American public a security program which they could reject or accept.

The Secretary of State approved this recommendation without hesitation.

The Inman panel finally made its report to the Secretary in mid-1985, and within weeks, we put together a 5-year, $4.4 billion program, to implement the bulk of the panel's 91 recommendations.

At the same time, we moved to establish a new bureau in the Department devoted exclusively to security. We set up recruitment and training programs for a new, expanded generation of security officers.

Our security specialist corps has grown from 572 in 1985, to 675 in 1986, and will be 1,017 by the end of this fiscal year.

We took steps to change the culture of the Foreign Service to increase security sensitivity of our colleagues, many of whom felt security contradicted the traditional mission of the Department of State, namely to get out and make contacts, to penetrate and understand other cultures and societies.

To make this point dramatically, the Secretary of State in September 1984, began daily morning meetings on security, and this interest communicated his priorities throughout the Department of State.

We collaborated effectively with our sister agencies in the intelligence community to understand and develop effective countermeasures to foil electronic threats to the integrity of our information and communications systems. We reorganized our Office of Foreign Buildings to bring it into the modern age, staffed and equipped to cope with the massive new security construction program and utilizing private sector expertise.

FBO is now managing 62 projects, most of which are on schedule and within budget.

We have had the full support of the Secretary of State at every step of the way. The Inman report succeeded in giving a jump start to what I think is going to turn out to be a very effective security program.

After a lengthy series of congressional hearings, we received congressional authorization last fall for a $2.1 billion security construction program. However, as you know, the funds appropriated so far have fallen short of the amounts requested. A total of $2.7 billion was asked for by the President, while $622 million has been appropriated to implement Inman panel recommendations.

We got the first dollar of this money on August 12, 1986, and most of the initial $39 million did not materialize until the end of October of last year.

Our security efforts have addressed two main and interrelated concerns. First is improving the physical security at our posts abroad against mob violence, terrorist attacks, and unauthorized intrusion. Second is protecting the technical security of those posts and of our communications network.

Let me say a few words about the specific problems in Moscow. First, the Marines.

I mentioned that the Marines have earned our trust over the past 40 years. They are genuinely considered a part of the Foreign Service family overseas.

I believe that we should not permit several bad apples to ruin this record of service and trust. The Marines in question violated a clearly stated and understood rule against fraternization. When we discovered these violations, we moved swiftly, and without hesitation, to remove the offenders. What we failed to do, however, was to investigate immediately whether the fraternization violations had led to more serious violations, such as espionage.

When one Marine turned himself in for having collaborated with the KGB, we then immediately launched an aggressive investigation, which has led to further espionage charges against other Marine security guards.

Now, what about the question of culpability or security laxness on the part of Embassy management?

Clearly, the Ambassador is ultimately responsible for what takes place in his mission. However, rules of reason also have to be applied. There is a chain of command.

Everyone in the chain of command must be vigilant to guard against breaches of security. If the Marine sergeant in charge of the detachment was aware of fraternization and did not act to stop it or report it to the RSO, he is culpable. The same is true of the RSO and up the line to the Ambassador.

There is no evidence, as yet, to suggest that any of this is the case, but investigations are proceeding.

I do not agree with those who charge Ambassador Hartman as lax in his approach to security. I have had a firsthand opportunity during visits to Moscow to observe this.

We don't know what damage was done as a result of these events in Moscow and Leningrad. However, we have proceeded on the assumption of the worst.

Accordingly, we will be spending substantial time and money to replace the potentially compromised facilities in Moscow and Leningrad.

We have also broadened our investigation to include other missions in Eastern Europe.

We will be and are strengthening policies to prevent the recurrence of these security breaches in other high technical threat posts.

In my view, substantially shorter tours of duty for Marine security guards would reduce their window of vulnerability to hostile intelligence services. We are working closely with the Marine Corps to improve the program. We had already planned to install alarm systems which record intrusions and events, and which cannot be bypassed. This is going to be accelerated.

We are going to use polygraphs as an investigative tool in cases of fraternization.

We will reaffirm, and have reaffirmed, the role of the chief of mission as commander-in-chief of the Marine security guard detachment.

Other policies and approaches will, no doubt, be investigated in the course of the other investigations that I have mentioned.

When the problem of Moscow Foreign Service nationals and their KGB connections was raised as a policy issue several years ago, the Department of State thoroughly examined the idea of replacing the Soviet support personnel in Moscow with Americans.

There were strong arguments on both sides of the issue. This was an issue on which reasonable people could disagree.

After weighing these arguments, the Secretary decided to proceed with a phased substitution program. Ambassador Hartman himself proposed such a program in April 1985, and it commenced the next month. Before it was put fully into effect, however, the

Soviets preempted it by withdrawing all Soviet support staff last October.

A few words now about the building project in Moscow.

You are, of course, aware of our discoveries over a period of years of the sophisticated and carefully designed intelligence system that the Soviets have built into our new chancery. Department of State security officers, working with experts from other agencies, have led an all-out effort to examine countermeasures to thwart the Soviet penetrations of our chancery.

The Soviets were able to mount this attack in part because we allowed them, pursuant to agreement concluded 15 years ago, to prefabricate the concrete beams for the structure offsite and away from United States supervision. We will cope with this Soviet technical attack, even if it means dismantling the $23 million structural shell.

I should point out, parenthetically, that the press has incorrectly reported that we will lose a $190 million investment if we tear down the chancery. In fact, the $190 million Moscow project actually consists of eight buildings, only one of which is the chancery, which would house sensitive activity. The other seven buildings are already occupied.

Furthermore, we are submitting to arbitration the costs that we have incurred, identifying and correcting the Soviet technical attack.

If we can make the building secure without demolition, we think that we could complete construction in Moscow with the unspent funds remaining.

At our recommendations, Secretary Shultz has asked former Secretary of Defense and CIA Director Schlesinger to examine all of the information we have gathered on the Moscow chancery problem, in all its aspects, and make recommendations as to how to deal with this.

We expect his report in June.

I have outlined briefly some of our security efforts. With your permission, I would be happy to provide a more detailed chronology for the record.

With me today are Assistant Secretary for Diplomatic Security, Bob Lamb, on my left; Director of the Office of Foreign Missions, Jim Nolan, on my right; and Director of the Office of Foreign Buildings, Dick Dertadian, on my far left.

We would make an attempt among us to answer any of the questions that you may have.

[The prepared statement of Mr. Spiers may be found in the appendix.]

The **Chairman**. Thank you very much, Mr. Spiers.

I would suggest, without objection, that we proceed on the 10-minute rule.

Did you say that you were submitting a chronology of events?

Mr. **Spiers**. Yes.

The **Chairman**. Maybe it could be distributed to the members of the committee.

[The information referred to appears in the appendix.]

The **Chairman**. The ranking minority member, Senator Helms, is recognized.

Senator **Helms**. Mr. Chairman, I apologize for being a bit tardy. I was at the luncheon for Mr. Nakasone, and it ran a little long.

We are going to have some difficulty this afternoon, I think, separating the discussion of this morning in the closed session of the committee, held in the Capitol. So somebody be on guard and not let me overstep the bounds of classification.

I am not sure why any of it should be classified, to tell you the truth, because the Soviets certainly know what they have been doing. I am not sure, though, that we know what we have been doing.

In any case, Mr. Chairman, it ought to be noted here that the Select Committee on Intelligence delivered its unclassified report on this matter yesterday, and its most important conclusion, I think, is "a failure to defend United States interests against the Soviet intelligence attack has resulted in building a complex that is a decade overdue, $100 million over budget, and uninhabitable." The Intelligence Committee said further, "Furthermore, there is no doubt that similar efforts will be made to attack the six new Embassies now planned for construction in Eastern Europe."

When I first saw the word "attack, 'I wondered whether it was a little strong or not, but I do not think it was. It is also clear to me that the committee, the Intelligence Committee, that is, chose it carefully.

The report spoke also of a technical attack by the Soviets on the Embassy complex.

Now, then, since the Soviets exploded their first atom bomb in the 1950's, I suppose we have learned to live with the threat of an attack from the Soviets, but have we been under an actual attack? The Intelligence Committee makes it quite clear that, in fact, we have been under an actual attack from Soviet intelligence apparatus.

Not only have we been under attack by the Soviets, but we have known about it since at least 1982, and those in charge have done nothing about it for years. It took 3 years of complaining and lobbying by the Intelligence Committee before we even could get the construction of the Moscow chancery stopped.

In years to come, the Moscow Embassy will become a case study of bungling, incompetence, and avoiding of accountability.

When this committee considered the Omnibus Diplomatic Security and Anti-Terrorism Act of 1986—and, of course, that was last year—we decided that, and I quote the committee report, "A system must be established to insure that requisite security advice is accepted and acted upon, not only by Ambassadors and chiefs of missions, but by all senior officers, including assistant secretaries and their deputies in Washington."

Therefore, obviously, we established a system of accountability review to consider any incident involving either serious injury, loss of life, or significant destruction of property at U.S. facilities overseas.

Just for the record, if such an incident occurs, the law requires the Secretary to establish an accountability review board. I think it would be hard to argue that the Moscow Embassy disaster is anything other than an incident as contemplated in the definition laid down in law by this Senate.

Yet, I am obliged to note that the State Department is vigorously resisting the establishment of the accountability review board.

Given the extent of the Moscow Embassy matter, it is not hard to understand why the State Department would firmly resist any board, commission, or committee with the word "accountability" in its title.

In response to the State Department's intransigence, on April 20, Mr. Chairman, I wrote to President Reagan requesting that an accountability review board be established. We cannot permit the State Department or anybody else to sweep this problem under the rug by ignoring a law precisely designed to produce security accountability.

Not only will the Secretary have the benefit of the written findings of the accountability review board, but the Congress, for its own legislative purposes, needs the findings so that it—meaning we—can assess what the legislative remedies, if any, are that are required.

I trust the administration will view an accountability review board as in its own interest and will act accordingly and in accordance with the law.

I thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Helms.

I would add that some of us on this side of the dias may err by moving into fields that we heard this morning, and if we do, wave a hand at us and we will desist.

The important thing now is what do we do? Recognizing the jam that we are in, where do we go from here?

As I understand it, there are about five alternatives. We can destroy the building entirely and start out again. We can seek to surgically destroy those portions of it where we believe these devices have been placed. We can leave it as is, go ahead, and seek to have defensive measures installed. We can seal off the building as it now is and then put on something like a gigantic bubble, such as a two-story building above it, where we could work. Or we could seal it off and make a new building somewhere within that complex.

Those would be the five choices that I see.

Do you see any other alternative, and which of these alternatives would have the greatest appeal to you, Mr. Spiers?

Mr. SPIERS. To me personally?

The CHAIRMAN. Yes, to you personally.

Mr. SPIERS. Well, let me say that, in general, I think you have covered the alternatives, as I see them.

I don't think we are going to want to make up our mind about this until we get Jim Schlesinger's report, which is due in June.

My personal disposition—and this could very well change within the next 3 weeks—would be the last of the five, to use the building essentially to house unclassified activities and to build a smaller, additional building, which could be built under reasonable construction procedures which could house classified activities.

But this is something that really has to be studied from a lot of angles. I would not want you to take that as anything more than an off-the-cuff opinion, as of the moment.

The CHAIRMAN. I understand that. I must say that that is my own personal reaction as well.

I notice that we are referring to arbitration of the question of who is going to pay for it. Who would be the arbitor?

Mr. SPIERS. There is a procedure pursuant to an agreement that was reached with the Soviets back in early 1970's, 1972, to cover this. There are three arbitrators, I think—one appointed by the Soviet Union, one by the United States, and one agreed between the two, and if the two cannot agree, there is a third party that appoints the third arbitrator, I believe the Swedes.

The CHAIRMAN. Is that within the original agreement, the terms of arbitration?

Mr. SPIERS. I forget which precise agreement it is, but it dates back to that period.

The CHAIRMAN. One of the recommendations that came to us was the thought that the Office of Foreign Missions, the Foreign Building Office, and the Diplomatic Security Office might be combined into one and report directly in to the Secretary and Deputy Secretary's office.

What would be your reaction to that recommendation?

Mr. SPIERS. My reaction is the same that I gave to the Intelligence Committee, and that is strongly negative. I think it is moving in the wrong direction. It is back toward what we were coming from, where we had security in buildings in one unit.

We decided back in 1984 that what we really needed was a bureau that is dedicated to security, where attention is not going to be diluted by other responsibilities that belong to the FBO, to the Office of Foreign Missions, such as issuing license plates, monitoring automobile insurance, tax cards, buildings maintenance, short-term leases, fire and safety. I feel very, very strongly that we should have a unit, at least for a while, that has no responsibilities other than security.

We have a regular building program. Our building program is not 100 percent a security program. Security has to be an input. We have developed procedures to deal with that. I think that we are on the right track and I think we should stay on that track.

Furthermore, I have now worked for nine Secretaries of State. I think the Secretary of State has an impossible span of control. I think to make another unit like this, where he will have to coordinate issues, is just managerially dead wrong.

The CHAIRMAN. What would be your reaction, Mr. Spiers, to the thought I mentioned in my opening statement, that you either have to have an area that you know is secure, that you believe is secure, or that you presume that every other area is insecure, and those of us who are professional diplomats, like you and like I once was, can learn to live with the thought that any room that was not secure was insecure?

I am just curious how you feel about this idea of partial security. It is like partial pregnancy. But does it work?

Can you push the security walls away and then hope they are okay?

Mr. SPIERS. I tend to agree with you, but I think it cannot be used as an excuse not to do everything possible to cope with the security attack. I believe it is quite true in Embassies like Moscow, and I think it is more than that. This is a worldwide problem for us. In every place we have to be alert. I have been in a lot of Embassies, and I have never conducted classified business in areas that were essentially public or unsafeguarded spaces. That is true whether I was posted in Turkey or Pakistan, or in the Soviet Union.

But at the same time, I think it is important, although we always made that assumption, that we have to have the kind of security program which does everything possible to minimize the success of attacks on us.

The CHAIRMAN. Another question with regard to the Marine guards.

I remember in World War II, when we were in Italy, we were not supposed to fraternize with the Italians. Well, that broke down almost immediately. [Laughter.]

I am wondering how you can really enforce a nonfraternization rule. Wouldn't it be better to have older guards who might be less tempted?

Mr. SPIERS. You know, obviously this is something in which my views of a year ago would now have to be revised.

I think that partly it is a question of military discipline that has to be enforced.

When I was in the U.S. Navy, I was younger than a lot of these people, and military discipline was the name of the game. I don't think it was breached very much.

The CHAIRMAN. Well, it certainly was in Italy in World War II.

Mr. SPIERS. But, you know, that is also a slightly different than being posted in an Iron Curtain country where you know that the whole objective of a sophisticated intelligence system is aimed at you.

I think there are a number of things that we can do and are doing. Personally, I think we ought to have very, very short tours for Marine guards. I don't think that the problem is necessarily resolved by having married guards. I have known married people who have succumbed to these things, too.

But, again, what we want to do is look at the results of all of these investigations that are going on.

I think that more discipline, better orientation, better training, and very short tours, plus the kind of alarm systems that we have now begun to install which cannot be bypassed by the collusion of a small group of people, are the indicated answers at this point.

The CHAIRMAN. In connection with the Embassy, the Soviets demanded that they be able to monitor every step in its construction, that is, the construction of their Embassy here in Washington. We did not demand the same thing in Moscow.

What was the reason for the difference?

Mr. SPIERS. I wish I could tell you the reasons. I think it is outrageous and inexcusable, the kind of agreement that was reached.

I have to tell you that I think even if I were here at that point in 1972, I would have argued against such an agreement.

Now, that is easy to say in hindsight. I didn't have anything to do with it. But it seems to me to be outrageous.

The CHAIRMAN. Would you agree that the general public seems to have lost sight of the background in the Embassy buildings, that originally the Soviets wanted to be in Chevy Chase and the neighbors did not want them there, the potential neighbors, and then they wanted to be someplace downtown, and there they were not very welcome, either. And so, we found for them and persuaded them to go to Mt. Alto, the VA place. And, by the same token, they asked us in the very beginning wouldn't you like this higher spot, a little out in suburbia, further away from the Kremlin, et cetera, and we, as a matter of convenience, chose the swampland because it was next door to Spaso House and very convenient.

I think that the general public has lost sight of this fact.

Would you concur?

Mr. SPIERS. Your account of it essentially is correct, according to my understanding. We have done a historical review of that period, and that is correct.

The CHAIRMAN. Thank you.

My time is about to expire.

Senator Helms.

Senator HELMS. Thank you, Mr. Chairman.

It sounded to me like in the past and in the present, somebody overdosed on dumb pills, the way those decisions were made. [Laughter.]

Senator Pell raised a question at the outset of his line of questioning when he asked "Where do we go from here?"

I will tell you where this Senator will go from here. Whatever we do, whatever option we choose, I am persuaded that the Soviet Union should be required to pay in cash for this deviltry of theirs and reimburse the American taxpayers for all the costs involved.

Now, this is not just average, run of the mill duplicity. This is criminal activity.

Otherwise, we should forbid the Soviet Union from even thinking about occupying their new Embassy here until that debt is paid and until our Embassy is completed and ready to move into.

If we do less than that, we are a bunch of wimps. That's the way I feel about it.

Now, Mr. Spiers, President Reagan and Secretary Shultz have both acknowledged that the new chancery is, to use their words, "honeycombed with listening devices," and you said the same thing. That is all I am going to say about the meeting this morning.

The Intelligence Committee has unanimously recommended that we demolish the new chancery building. But I just wonder if you are in a mood to recant just a little bit from some of the things that you said just a couple of weeks ago.

I read in the Washington Post where you dismissed congressional concern over the situation in Moscow as a "feeding frenzy." Maybe you were misquoted. I hope you were.

You were quoted as saying that it is a lot of hysteria generated by shallow and uninformed criticism.

Is that still your assessment of it?

Mr. SPIERS. My view is that there are certain people who kind of are out to prove that the Department of State is somehow responsible for this situation, and since I have spent, in the 3 years that I have been in this job, an awful lot of my effort and time in dealing with the security problem and getting my colleagues to take it seriously, what I am referring to is a kind of a prior view that somehow the State Department is responsible and needs to be gotten.

Senator HELMS. Do you mean the State Department is not responsible? I think the State Department proved the case.

Mr. SPIERS. Well, the State Department is a group of individuals. Now you are talking about the original agreement. Yes, the Department of State representative signed that agreement.

Senator HELMS. I am going to let that slide. There is no use in getting into a debate about it.

I have had put up over there a chart illustrating the differential in the height above sea level of Mt. Alto, the Pentagon, the State Department, and the White House. It sort of speaks for itself.

Yesterday's Intelligence Committee report notes the Soviets', and these are the words used by the Intelligence Committee, "well-known record" of technical penetrations of United States and other Western diplomatic facilities.

Now, I don't want to be frenzied about this thing, but if this record was indeed well-known, as the Intelligence Committee said it was, why were the Soviets permitted to build on Mt. Alto? Let alone all of the explanations that I am hearing, who overdosed on the dumb pill on that one?

Mr. SPIERS. My understanding of the situation was that there was a lengthy negotiation about the areas to which they could go. We had to have U.S. Government property. I understand there was an area in Chevy Chase, one here, and one in Mt. Alto. The Soviets wanted to go to Chevy Chase; our people wanted them to go to Mt. Alto.

The CHAIRMAN. Excuse me, but I think the sequence was different. First was Chevy Chase, and then there was another site, I believe, downtown, and then we found Mt. Alto.

Mr. SPIERS. Yes, the Van Ness Center.

Not having been involved in it at that time, I was not certain. We do have a historical record that we have put together on this, which I can provide the committee, although it is probably already available. I just don't remember all of the details about it.

But my general impression is that the Russians were kind of reluctant to go to Mt. Alto.

Senator HELMS. Well, you are doing the best you can with what you have, Mr. Spiers, but you don't have much to work with. And I say that with all charity.

In September of last year, the State Department provided this committee with a document entitled "Inching Toward a New Embassy in Moscow."

Mr. SPIERS. That is the document that I was referring to.

Senator HELMS. That's right.

Now, on page 7 of that document, there is an explanation of how the logjam of 5 years of tough negotiations were broken.

Let me read from your book. "Eager for an agreement for Vance"—and that would be the Secretary of State then, Cyrus B. Vance—"Eager for an agreement for Vance to sign"——

Mr. SPIERS. I think it was William Rogers.

Senator HELMS. Sir?

Mr. SPIERS. I think it was William Rogers. This is 1972, October, 1972?

Senator HELMS. I think it was 1977, and I believe Vance was the Secretary of State then. "Eager for an agreement for Vance to sign in Moscow, Soviet and American negotiators signed a protocol of negotiation on construction in March 1977."

That raises a question in my mind. Does this mean that our negotiators were forced to accept the Soviet conditions so that the Secretary of State then could have something to sign in Moscow? Is this the way we operate?

Mr. SPIERS. My understanding is that the agreement on the basic groundrules for the construction, which included a principle that in Washington, United States construction procedures would be used, and in Moscow, Soviet construction procedures would be used—and that is where we got snuckered——

Senator HELMS. You'd better believe it.

Mr. SPIERS [continuing]. Was reached in October 1972. If you will go back a page or two in that document, you will see that that was done at the direction of the White House.

Senator HELMS. That was done what?

Mr. SPIERS. At the request of the White House—that the agreement was signed.

Senator HELMS. Well, we won't bring the late, lamented Jimmy Carter into this.

Now, 1 year ago—I believe it was 1 year ago exactly today—you testified before this committee and endorsed accountability review boards, and I am going to use your words, "to fix individual responsibility, if any, for security disasters."

Will you tell me why the State Department is resisting now accountability?

Mr. SPIERS. Senator, that is still my view.

The original intent was to set up an accountability review board, and that was what Mr. Laird was selected to chair. Mr. Laird said that his terms of reference ought to be broader. So, his terms of reference were rewritten, not to exclude accountability, because he explicitly will look at that, but to be much more than that.

So, I think your characterization of the State Department resistance of this is wrong and unfair.

Senator HELMS. In what way is it wrong and unfair?

Mr. SPIERS. Because the State Department has not resisted it.

I have been strongly in favor of it, and, as far as I know, the Secretary has taken the same position.

Senator HELMS. So you are saying here that the State Department now favors such a board?

Mr. SPIERS. My view is that accountability ought to be looked at in this circumstance, and if Mr. Laird is prepared to do that within the terms of references as he has revised them, that is satisfactory. I understand that he has discussed this with Congressman Mica, who was the drafter of the original legislation, and Mr. Mica is satisfied with this.

So, I think accountability responsibility will be one of the things on which Mr. Laird and his group will focus.

Senator HELMS. I don't want any fuss with you, really, but you did not answer my question.

Are you saying that the State Department does, in fact, favor this accountability review board?

Mr. SPIERS. Yes.

Senator HELMS. Yes.

Very well. We have made some progress.

My time is up.

The **Chairman**. Senator Trible.

Senator **Trible**. Thank you, Mr. Chairman.

Ambassador, one of the obvious blunders in all of this is the fact that we let Soviet contractors fabricate major elements offsite, without United States inspection. Did I hear you say that that was pursuant to an agreement reached at some time in the past?

Mr. **Spiers**. Reached in 1972; yes.

Senator **Trible**. That was part of the 1972 agreement.

Who actually negotiated that agreement?

Mr. **Spiers**. My recollection is that it was negotiated by a team under then Assistant Secretary of State Walter Stoessel; that the agreement was not completed at the time. The State Department received a call from the White House and was told to get on with it. The agreement was signed fairly promptly after that.

It is all spelled out in that paper that Senator Helms referred to, which the committee has.

Senator **Trible**. I think the most troubling aspect of all this is not the mistakes of judgment in the technology that is involved in all of these espionage problems, but the human failure.

You indicated that, as a consequence of the problems in Moscow, that you are looking into other areas where young Marines may have been compromised. In what countries are your investigations going on?

Mr. **Spiers**. We are looking at what we call the "criteria countries," which are essentially the countries of Eastern Europe, Cuba——

Senator **Trible**. The Marxist states, basically?

Mr. **Spiers**. Yes.

Senator **Trible**. I guess the sad thing is that these young Marines, who apparently betrayed their country, are just the latest in a long parade of moral and ethical weaklings, who have had their heads turned by lust or greed. I guess it says something about our society.

We are more than 200 million people, and, obviously, these kinds of things will occur. But it does seem that we are paying a price for the celebration of self and the loss of individual responsibility. We see that in these situations. We see that with our drug pushers and our insider traders, our street muggers, and our value-free education, our lack of a sense of self-discipline.

It does cause problems in a democracy, especially when you have to live and operate in a tough world.

Mr. **Spiers**. I think you are correct. But, in the meantime, I think we have to develop and implement procedures which deal with the reality of the situation.

Senator **Trible**. Well, I wish you well in that. It is easy to point fingers, and I guess there are no heroes in this business.

I do think it is our problem, though. I do think you need to become a bit more conversant with the record, if I might say so. You are part of an institution that helped create these problems or at least is responsible for these problems. Those of us in Congress have to deal with problems that we may not have created, but that were created by our predecessors and deal with them.

To the extent that we can better understand why it was that agreements were reached, how it was that we could have lacked sufficient precision and scrutiny in our relationships with the Soviet Union, then perhaps we can avoid these problems in the future.

Mr. **Spiers**. Let me say a few things about that.

I recognize that I am part of an institution, that I am part of a chain of events, and I don't mind bearing a share of responsibility. I think we all do. It is a U.S. Government problem. I think we have a problem on one side of the table and the rest of us ought to be looking at it and seeing cooperatively what we can do about it.

I think that we have had a problem in the State Department, and I think in 1972, people did not pay too much attention to security.

Maybe I have had a unique set of experiences, having been a target, being at an Embassy that had been burned down and sacked, and having been myself a target for terrorist threats, so that I came with much more of a consciousness of this than a lot of my colleagues. I also think that those of us at this table have done more to change that situation—and I am not looking for credit—but we feel that we have done an awful lot, that the record that we have put together in the last 3 years is now something that we can work with, ride with. We are getting the resources, we are getting the personnel, we are getting the procedures, we are changing the culture of the institution.

What I am saying is give us a chance.

Senator **Trible**. I think that is a reasonable request, and I wish you well.

As far as I am concerned, we sit on the same side of the table on this one.

Mr. **Spiers**. I think we do.

Senator **Trible**. I don't think there is anything to be gained by this, and obviously a lot has been lost. So maybe we should just try to benefit from it.

Let me ask you this.

If we are party to an agreement with the Soviets that permits us to do certain things, like inspection offsite construction, how do we deal with that problem in the future? Is that an internal document?

Mr. **Spiers**. In my view, we shouldn't let them construct offsite. If and when we go ahead and build embassies in Eastern Europe, my view is that we should insist on the same kind of procedures that the Soviets insisted on when they built at Mt. Alto.

I'll tell you that I won't participate in any agreement that does not provide for that.

Senator **Trible**. Let's be a bit more hardheaded in advancing and protecting our self-interests.

I think on that the chairman would agree as well.

[The Chairman nods affirmatively.]

Senator **Trible**. Thank you, Mr. Chairman.

The **Chairman**. Mr. McConnell.

Senator **McConnell**. Thank you, Mr. Chairman. I have just a couple of questions.

This may have been covered before I got here and if it is, I apologize.

What does the Department estimate are the costs that have been incurred due to the delays that we have encountered?

Mr. SPIERS. Well, the claims that we have submitted so far under the arbitration procedures are approximately $11 million.

In my view, we should submit additional claims when we decide what we are going to do next.

Senator MCCONNELL. What efforts are we making to recover those damages?

As you know, the legislation passed 2 years ago, and the Soviets, of course, are forbidden from occupying the facility here until we recover the damages. So where are we on trying to recover the damages?

Mr. SPIERS. We did discuss this briefly before you came in, Senator, and I referred back to the basic agreement with the Soviets, where we have a defined arbitration procedure, which is now actively being pursued for these kind of claims.

I know that our lawyers handle that and they are meeting on the thing. That is something that we will pursue.

It has been a cardinal element of our position ever since the beginning of this that they don't occupy their building until we occupy our building. That is not new. The President has reaffirmed that.

I think that has been part of the position since the beginning. As a matter of fact, I think it is written into the basic agreement.

Senator MCCONNELL. What is the status of our projects in Budapest, Prague, and Sofia?

Mr. SPIERS. We don't have any new Embassy construction projects starting in Eastern Europe. We have put that all on the back burner until we get a clear, interdepartmental policy on our approach to buildings in Eastern Europe.

We need new Embassies in a lot of these places, and I think that we should go ahead. But also, I want to make sure that we have a very sound basis for proceeding in the future, and that we don't fall once more into this kind of situation.

Senator MCCONNELL. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much.

Senator Helms.

Senator HELMS. Don't you want to go next? This is the next round.

The CHAIRMAN. Well, I do have a few questions, yes. Thank you. There are a couple of points that I just want to clarify.

The Office of Foreign Missions, is it participating in the negotiations for future Embassies, for new Embassies?

Mr. SPIERS. Do you want to answer that?

They deal with reciprocity questions that relate to provisions—I mean, the Soviets have to follow the same provisions on materials and so on that we do there. But they are not involved generally in the Embassy construction process.

The CHAIRMAN. But are they involved in the actual negotiations?

Mr. NOLAN. We have not been involved, Mr. Chairman, in the negotiations.

What my office has attempted to do in working both with FBO and the Diplomatic Security Office is to try to develop some means where we have equal controls on both sides, should we elect to go forward in any other Eastern European projects, and particularly so that we would have time periods in construction at which we would be at parallel points, as opposed to one country getting ahead of the other and being behind the curve going through.

Mr. SPIERS. Jim Nolan reports to me and I totally support his role in this.

The CHAIRMAN. What different groups are now studying the security situation in Moscow? You have the Schlesinger report being prepared. The Laird group I think is still current. What other groups are there?

Mr. SPIERS. We have two groups, really.

The President has the PFIAB, the President's Foreign Intelligence Advisory Board, under the chairmanship of Anne Armstrong, which is looking at the global problem of security.

Laird is set up by the Secretary of State. He has Gen. John Vessey, former CIA Director Dick Helms, former Ambassador Diego Asencio, on a panel that is looking specifically at the Moscow problem.

As a matter of fact, I have somebody coming back to serve as a special assistant to me for coordination of all Moscow-related things.

Jim Schlesinger was asked by the Secretary in February to take a look at everything that relates to our decision on what to do about the new building. He is working more or less pro bono, and will produce a report in June. That is why I think anything that we would say, certainly that I would say, about this issue is tentative until we get Secretary Schlesinger's report.

Those are essentially it—two groups and an individual.

The CHAIRMAN. The buildings in front of us in your model, the long, thin ones [indicating], are the housing for Embassy people. How many of those are inhabited now? What percentage of those are inhabited?

Mr. SPIERS. I think all 134 are inhabited.

The CHAIRMAN. They are all inhabited.

By the same token, what is the percentage that is inhabited at Mt. Alto?

Mr. SPIERS. 100 percent.

The CHAIRMAN. It is about the same, in other words.

Mr. SPIERS. I think they have 175 apartment units there.

We have a school, a Marine house, a consular building.

The CHAIRMAN. There is a question of philospy here. If we know that these residential portions are not all that secure, would it not be better to have our people scattered around the community rather than concentrated in a ghetto?

Mr. SPIERS. My view is no. One of the reasons is that any place our people are living in Moscow is going to be bugged. We have had instances of people coming back home and finding the doors off, and their apartments have been gone through. That cannot happen here.

We assume that the apartments have been bugged. I think what we are going to have to do, once we get through the high-priority part of this, is to look at what we do about the apartments. Even though I think everybody stationed in a place like Moscow has to assume he is being overheard, we also have to do everything we can to discover what has been done to the place.

But that is not our highest priority. Our highest priority is the chancery and the secure spaces, because we are in an awful building now.

The CHAIRMAN. There I would agree with you, about the awful building.

But from a philosophical viewpoint, I have seen this thing spreading in earlier years, where you started pulling our people together into little golden ghettoes. It would seem to me that one of the purposes of diplomatic life, of consular life, is that you are spread through the community. You may have some inconvenience, but you have a certain amount of privacy, too, and it gives more of an opportunity for America to tell its story and for us to get a good or better understanding of the country.

I would hope that this kind of ghettoization would not be repeated in other posts.

Mr. SPIERS. Senator, I think it depends on the place.

I would be very much opposed to doing something like this in London, Paris, or Rome. But I think in countries like the Soviet Union, this is the right way to go.

The CHAIRMAN. What about an example that immediately comes to my mind, Florence, Italy, where it has been done? There is no great reason why people should not live around town. And yet, we have concentrated our people into a single apartment building there, or two buildings.

Mr. SPIERS. Well, we did that in Ankara when I was there, where we had real power problems, guard problems, electricity and water problems. If we put the people in one building, or as many as we could in one building, we could maintain the continuity of guards and services better than if they were spread all around the town.

So there are different considerations in different places.

I don't think you can make a generalization about this except that my view is in Eastern European countries, to the extent that you can, it is the right thing to do.

The CHAIRMAN. But in non-Eastern European countries, I would hope that we would not do it.

Mr. SPIERS. Well, you know, I would say that there are differences in different countries.

The CHAIRMAN. I would add that when people join the Foreign Service, I think they would rather take the inconveniences that you mentioned and still have the independence of being out in the general community, than being ghettoized, or whatever the word is.

Mr. SPIERS. As a general proposition, I don't disagree with you.

The CHAIRMAN. In China, are we taking any special precautions there?

Mr. SPIERS. Well, ultimately we will be constructing a building in China. Now we are in a diplomatic area. More and more countries have diplomatic areas, something like our Van Ness area here, and that is where we are in China.

Maybe Dick Dertadian wants to say something about our plans for Beijing and other posts in China.

Mr. DERTADIAN. We are negotiating with the Chinese on the site, the size of the site and the cost of the site. But we also will be insisting, before we purchase anything, on a construction agreement which would be very different than the kind of construction agreement that existed in Moscow. It will have to have elements that the other one didn't have. We are not very far along in terms of getting anywhere near an agreement which would allow us to proceed to the designer phase.

Mr. SPIERS. It's not a near-term thing.

The CHAIRMAN. Thank you very much, indeed.

Senator Helms.

Senator HELMS. How about Senator Moynihan?

The CHAIRMAN. Senator Moynihan.

Senator MOYNIHAN. Don't you have any questions?

Senator HELMS. Well, I have already had one round.

Senator MOYNIHAN. Thank you, Senator, and thank you, Mr. Chairman.

Ambassador Spiers, it is an honor to have you before the committee, as always.

I would like to ask—and this is my first opportunity in a public forum—about what you now think, after some retrospect and further experience, about the whole policy which we have had in our country under a succession of administrations of allowing the Soviets to use their diplomatic sites, here in the United States, as communications towers from which to intercept American telephone calls.

This is something so public.

When I first went to the United Nations in 1975, I was asked by Vice President Rockefeller if I would come and talk with him.

He took me into the back room of his office and closed the doors, pulled down the shades and said now, you must know that everything you say on a telephone from the Waldorf Towers or the U.S. Mission to the U.N. will be heard by the Russians.

I thought I was being told something deeply secret and didn't even tell my wife.

It wasn't until a couple of years later that I found that he had published this information in a report to President Ford.

In the meantime, the Soviets were building a communications tower in Riverdale, with the full sweep of our microwave communications. So too out in San Francisco, down here, from their old, czarist Embassy on 16th Street, and with all great plans for Mt. Alto.

I came down here and introduced legislation saying that if the President finds this to be so, he should tell the people who are doing it to stop, and if they don't stop, send them home.

At every step, the State Department has said "No, we can't do that." I can report an account in this room, sir.

I was asking the General Counsel of the Central Intelligence Agency a few years back didn't he think that this Soviet eavesdropping was a violation of the fourth amendment rights of American citizens. He said "No." I said "No?" He said "No, sir, the fourth amendment only protects you from invasion of privacy by your own government."

I suggest that he may have gone to too good a law school, or something.

Well, I introduced this legislation for a third time in 1985 as S. 12. I put it in the first day, and I no more got it in than the State Department, Mr. Ball, I believe, who was then Assistant Secretary for Legislative Affairs, had written the then-chairman, Mr. Lugar, to say don't let this bill pass.

Well, I offered it on the floor and it passed. Then the State Department came in and saw that it was dropped in conference.

Soon after I got some money for the FBI to work on this matter. Again the State Department came in and it was dropped in conference.

All the time, I asked this question: "Doesn't it invite contempt from the Soviets when they know that you know what they are doing and you do nothing about it?"

They have moved up to Mt. Alto, and, as you know, you cannot get cable television on Mt. Alto, which is sent by microwave from Baltimore because, some report, the Soviets have so many emanations going out. They have line of sight to the White House, we are told, though I don't know that it is true. There are even reports in the New York Times suggesting they are playing music in the window panes of the White House to confuse lasers. They must be doing something with their time in the White House, I don't know. [Laughter.]

With great respect, sir, hasn't this been a mistaken policy?

I know that you will defend your Government, as you have always done, and you do it very well, and sometimes at the very risk of your life. I know that.

But has this been the best message to send them?

Why should they not fill our chanceries with bugs when they are listening to our telephone conversations all over town?

Mr. SPIERS. Senator, it is very difficult for me to kind of give you a good answer on in an open session.

Senator MOYNIHAN. Well, at least you are not saying that the fourth amendment only protects you from your own government.

Mr. SPIERS. I can say that there are countermeasures to such things, and——

Senator MOYNIHAN. Well, we are burying our lines, and we are purchasing secure telephones at $38,000 a set for government officials.

Mr. SPIERS. I think the new generation is a lot cheaper than that.

Senator MOYNIHAN. Quite right, the new generation is cheaper.

Mr. SPIERS. They are $3,000 a set. But you have a point.

You know, Senator, another thing I would say here is even if we had an agreement that covered this kind of activity, I would not trust that agreement without some kind of on-site verification, and then you get into the question of can they come into our Embassy and can we go into their embassy—legally, not illegally.

It is a fairly complicated problem. I don't want to waffle on this. I don't like it. But it is really hard for me to talk about under these circumstances.

Senator MOYNIHAN. All right. I don't want to press you, and I know what is said in private session. Everybody can deduce what is said in private session, that we get more in return. We had those fabled days when they put those simple cellular telephones in their automobiles with about the level of sophistication of taxi driver dispatchers, and oh, God, you were a hero for 3 days in the State Department if you knew of the latest commissar who called up his ballerina to say "Get the vodka out, I'm on my way home." But it did not take them long to figure that out.

In the meantime, we have the principle of does our Government protect our citizens against aggressive activity by foreign governments, or does it fail to do so in the name of national security. That is an awfully slippery slope.

Wouldn't you sort of agree to that, knowing the absolute respect that I have for you?

Mr. SPIERS. Yes. Well, you see, I don't know how you would deal with something like that except by mutual agreement, and I have to say that I would not trust the agreement to be lived up to.

Senator MOYNIHAN. But you can always tell when microwave transmissions are coming out of a building. Can't you?

Mr. SPIERS. Well, I think not always.

Senator MOYNIHAN. Well, the people who come out to fix the cable televisions up by Mt. Alto we are told get up on the roof with their little direction finders and they say "Oh, well, the interference is all coming from over there [indicating]. [Laughter.]

Mr. SPIERS. I know where you are coming from, Senator.

Senator MOYNIHAN. Well, sir, all right.

But I do ask you to consider this. Have we not invited their contempt? I don't like to see us invite the contempt of the Soviets. I don't like to see us going around the world, talking about human rights, the right to privacy, and so forth, and knowing they invade our privacy and we are doing nothing. It says to them that we are as much liars as they are. And we must never let them think that, because we are not. We are not.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Senator Helms.

Senator HELMS. Thank you.

Mr. Chairman, I certainly appreciate what the Senator from New York has said. This has been on the minds of a lot of us for a long time.

I guess it is classified how many calls, how many thousands of calls a day the Soviets have the capability to monitor.

Mr. SPIERS. Whether it is classified or not, I don't have the figure in my head.

Senator HELMS. Well, I think the American people would be astounded if they realized its capability.

Mr. Chairman, I have already started this process through staff, but I want to do it formally with Mr. Spiers. I want to ask him to provide to this committee the relevant documents relating to the Embassy situation in Moscow, the documents that have already been provided or will be provided to the Mica committee over in the House. I would include in that request those documents which have been subpoenaed by the House committee.

I am not going to ask now that we subpoena them because I presume that the State Department will provide them voluntarily.

However, if we find that the documents, some of them, or any of them, have been deleted or omitted, as they were in response to the Mica request, I am going to ask the committee at the appropriate time to seek a subpoena for those documents.

I presume you will be willing to furnish those.

Mr. **Spiers**. I can say that we will furnish whatever we furnish to the House committee.

[The information follows:]

DOCUMENTS ON SECURITY ISSUES

All documents on security issues in Moscow provided to the International Operations Subcommittee of the House Foreign Affairs Committee will also be provided to the Senate Foreign Relations Committee.

Senator **Helms**. Yes. I was sure that would be the case.

Let me revisit once more this accountability review board.

Before you came in, Pat, Mr. Spiers said that he had always favored the accountability review board, and then he said very clearly that the State Department did.

Then there was discussion about the Laird group, and I just wondered if the Department regards the Laird group as the accountability review board.

Mr. **Spiers**. My view is that the Laird group can, should, and will review the same things, essentially, that the accountability review board would review, but it will also look at other things.

Senator **Helms**. I know that you are genuine about that. But remember that the law provides for an accountability review board and the law is quite specific. It says the board shall consist of five members, four appointed by the Secretary of State and one appointed by the Director of the CIA.

Now who is the CIA member of the Laird group?

Mr. **Spiers**. Let me say that the Laird committee does not totally replicate what was provided for in the Omnibus Diplomatic Security Act.

Our lawyers felt that since the Act referred to cases of loss of life or loss of property, that to set this committee up under the provisions of that act could lead to grievances and legal difficulties.

What my recommendation was, what I favored was maybe not setting it up under the Diplomatic Security Act, but having the same terms of reference and the same membership. That did not find favor with some people. But since they also agreed that they should look into accountability, my concerns about it were laid to rest.

I think that Laird will cover essentially what would have been covered in a formal accountability review panel set up under the Diplomatic Security Act.

Senator **Helms**. But if it does not have a representative from CIA, it won't be complete according to the law.

Mr. **Spiers**. No. It isn't the same. It has Dick Helms on it, but it does not have anybody who is currently a member of the State Department, the intelligence community, or the military.

The view of the Secretary of State was that this committee should be composed of people with the relevant backgrounds—that is why we had one former Ambassador, one former DCI, one former Chief of Staff, General Vessey—and that they would bring their backgrounds to this inquiry.

I do not pretend that this was set up under the Omnibus Diplomaic Security Act.

But I can tell you that I do not know anybody in the State Department who opposes an accountability review.

Senator HELMS. Pardon?

Mr. SPIERS. I do not know anybody in the State Department that I have talked to who opposes looking at accountability in this circumstance. And, certainly, I am in favor of it.

Senator HELMS. Well, do you know of anybody in the State Department who wants to avoid section 304(b)?

You know, Mr. Spiers, the law is here.

Mr. SPIERS. Yes. As I told you the last time I was here, I am not a lawyer.

Senator HELMS. That's to your credit.

Mr. SPIERS. We could get one of our lawyers here, but we raised this. Initially, what I thought was that we should set it up under this act and the answer was no, that we shouldn't, that this could lead us to some legal problems.

I cannot really take it much further than that, Senator. I'm sorry.

Senator HELMS. Well, maybe you can't, but the State Department certainly should comply with the law.

Now, if they have some sophisticated explanation that somehow this does not apply to this situation, then they are smoking opium.

Mr. SPIERS. Suppose I get you for the record a letter which would be drafted by the people who advocate this point of view which explains it?

Senator HELMS. OK. That would be a good dialog to have.

[The information referred to appears in the appendix.]

Senator HELMS. I don't want to use up all of my time on this. Mr. Nolan, last fall, under the leadership of the then distinguished chairman, Mr. Lugar, this committee's investigators discovered that information relative to Soviet dirty tricks against our Embassy and Embassy personnel was not getting through to the Office of Foreign Missions.

Where was this information being stopped?

Mr. NOLAN. I guess it is difficult for me to tell precisely where information was stopped when it doesn't get to me, Senator.

The only thing I can say is I think there were some difficulties, sometimes perhaps at the Embassy and sometimes perhaps at other places at State, where they felt it was something that they could handle and that it didn't have to go to the Office of Foreign Missions, or that it was something they could handle either on the desk or at the Embassy level, and therefore it did not get through.

I think following the visit of last summer, the channels are much better and we do get information now much more directly.

Senator HELMS. Do you feel like you are getting all of it? Or you don't know. You don't know when you are not getting something.

Mr. SPIERS. You don't know what you don't know.

Mr. NOLAN. You only know what you get. It is tough to know what you don't get.

Senator HELMS. OK.

Did you want to add something?

Mr. SPIERS. No. I think that is right. You don't know what you don't know.

Senator HELMS. Is it classified or can I ask a question about the Soviet architect who designed the United States Embassy in Moscow?

Mr. SPIERS. I don't think it is classified, or, if it is, I will unclassify it.

A Soviet citizen named Herman Silber, who came to the United States and went to work for the California firm, I think as a translator, was doing the designs.

Some time later, he headed back toward the Soviet Union. I gather that he had a nervous breakdown and spent some time in a hospital in Denmark, and ultimately went back to the Soviet Union. When inquiries were made, they said he had died of a heart attack.

That is all I know about it, but Mr. Lamb knows more.

Senator HELMS. Mr. Chairman, may I ask your indulgence to permit us to go a little bit longer on this subject because I want to develop it?

The CHAIRMAN. Please continue.

Senator HELMS. Now, you know, one time I hear it is a heart attack, another time I hear that it is suicide in the kitchen.

Now what do you know happened, if anything, or is he out there fishing on some Soviet lake and laughing it up? And please use the microphone.

Mr. LAMB. Sir, we are fairly certain that he is dead.

The family told some people that he had died of a heart attack because they were trying to protect the fact that he had, in fact, committed suicide.

He has family in the United States who are American citizens, who have cooperated with us fully in this. They tell us they are convinced that he, in fact, committed suicide.

Senator HELMS. Mr. Dertadian, since this is unclassified and we are all bearing our souls, do you think there is any possibility that we were had on this thing?

Was that a plant? Could it have been? Is there any real evidence that it was not a plant? And I am talking about the whole kettle of fish, the family and all the rest of it. Nobody knows anything really.

You did not see the corpus delicti, did you?

Mr. LAMB. I don't know whether we had anybody who saw the body or not. I don't think so.

No, sir, we have not seen the body.

Senator HELMS. Mr. Dertadian, I would like to have your comment on this thing.

Do you suspect that this might have been a plant from the very beginning? Is it reasonable to suspect that?

Mr. DERTADIAN. I don't know, sir.

From my understanding, the work that Silber did would have been available to the Soviets under the agreement and the procedures that existed anyway. His work was to translate the design by the American architectural firm into Soviet norms and procedures, which was part of the agreement.

Those designs were then given to the Soviets, which they then worked on in terms of parts of the agreement.

So, my understanding is whatever he has worked on would have been made available to the Soviets in terms of the procedures that were agreed to at that time.

Senator HELMS. Do we have any sort of relationship with respect to their Embassy that is being built here?

Mr. DERTADIAN. Yes. The plans for their Embassy—and maybe Mr. Nolan will know more—were totally reciprocal in terms of drawings, as far as I know.

Mr. SPIERS. Their Embassy, as you know, was constructed by an American construction firm, and, of course, they had very careful and continuous onsite inspection of the process.

Senator HELMS. And we didn't.

Mr. SPIERS. We did not offsite. We did have it onsite, but not offsite.

Senator HELMS. Well, offsite is where the deviltry occurred.

Mr. SPIERS. That's right.

Look, Senator, I am not saying that this was an ideal construction arrangement because it surely was not.

Senator HELMS. Now I don't want to be in a frenzy about this thing, Mr. Spiers, but I will say again that somebody took the dumb pill and overdosed on it.

My time is up, Mr. Chairman. Thank you very much.

The CHAIRMAN. Senator Pressler.

Senator PRESSLER. Mr. Spiers, on March 24, I asked you about a rather obscure matter, concerning 270 place settings of sterling silver that had been purchased for the American Ambassador to Thailand.

You said at the time that you had not seen the GAO report on that. Is that correct?

Mr. SPIERS. If you are quoting it, then it must be correct. Yes. I don't remember the question.

Senator PRESSLER. I said, "According to a recent GAO report, the American Ambassador to Thailand ordered his staff to spend $47,500 on the purchase of an additional 270 place settings of sterling silver for his residence. Do you believe there was a legitimate need for an American Embassy in a developing country to have 300 place settings of sterling? Are you familiar with that GAO report?"

You said that you had not seen it.

Mr. DERTADIAN. If I could respond, sir——

Senator PRESSLER. No. I would like Mr. Spiers to respond.

You have not seen that report?

Mr. SPIERS. I cannot really respond. I have not seen it still.

Senator PRESSLER. Now, when there is a GAO report, what is the circulation? If there is a GAO report on a procurement entitled "State Department's Purchase of Silverware for Overseas Missions," who reads that in the State Department, if anybody.

Mr. SPIERS. Well, it would go to the Assistant Secretary for Administration and the Director of the Foreign Buildings Office, who is responsible for that kind of furnishing.

There are times when I get and read GAO reports as well, but I did not read that one.

Senator Pressler. So you do not read GAO reports on subjects such as this?

Mr. Spiers. I did not read that report.

There are reports on more obscure subjects, even, that I have read.

Senator Pressler. All right.

At that time, I asked you, since you had not read it, to provide an answer for the record, and you said you would.

Have you provided such an answer?

Mr. Spiers. I personally have not, but I assume it has been provided, because I don't know of any case where we have said we would provide something and it has not been provided.

Senator Pressler. I am told that it has not been provided.

Mr. Spiers. I don't know.

Senator Pressler. But, Mr. Spiers, you are the Under Secretary, as I understand it, of State for Management, and you told me that you were going to provide it. I know that you can turn to staff and I can turn to staff.

But this is between you and me.

Would you ask your staff if they have provided it, and then tell me.

Mr. Spiers. Does anybody here know whether we provided it?

[Pause.]

Mr. Spiers. It has been provided.

Senator Pressler. It has been provided.

Who has received it here?

[No response.]

Senator Pressler. To whom has it been provided?

[Pause.]

Mr. Spiers. I understand that the answers to all of the questions asked at that hearing were provided yesterday.

Senator Pressler. Only yesterday?

Mr. Spiers. Only yesterday.

Senator Pressler. That was March 24 and yesterday was—what—help me out.

Mr. Spiers. April 29.

Senator Pressler. Why such a long time?

Mr. Spiers. I don't know, Senator. I really don't know the details of that.

Senator Pressler. You don't know why? You brush off the details of questions asked on March 24?

Do you take such questions lightly, as sort of a pesky thing?

Mr. Spiers. Generally, our practice is to provide the answers to all of the questions at a hearing together. Sometimes these are very time-consuming and very bulky. So it does sometimes take quite a while.

Senator Pressler. I am told now that the answers arrived last night. I made my inquiries earlier this week. I will look at them.

But let me say to you that I try to be very supportive. I know the Department of State does a lot of good things. I find your attitude toward my line of questioning not in the good faith that I have kept with you.

I just wanted to say that to you.

The CHAIRMAN. Are there any more questions.

Senator Moynihan, do you have further questions?

Senator MOYNIHAN. Yes, Mr. Chairman, I would just add one statement, if I can do that, and ask one quesion.

The statement simply is that I think it should be better understood that the United States Government now, for about a decade, has been systematically burying its telephone lines to defense contractors and other installations to protect them from Soviet invasion.

There is something discomforting about the White House protecting its conversations when most everybody else's are exposed. It is just unseemingly in a democracy. We have constitutional rights and respect of one another.

This behavior of the Soviets, if it were carried out by me or you, would be criminal. We would not put up with it.

We go to such extravagant lengths. You were quite right. The scrambler telephones we have been providing the Government, owing to the volume of production are now down to $2,400 a copy. Well, that is a lot of money to keep the Russians from listening in on you. You don't like it any more than I do and that is clear from your attitudes and from what you are saying.

I have just this question, sir.

In the aftermath of the Moscow situation, and the Eastern European situation, the President has said that we are not going to let the Soviets occupy the Mt. Alto chancery until we have a clean Embassy in Moscow, and he is right to have done that.

Mr. Chairman, I believe in the committee's, in the chairman's mark on the State Department appropriation, you have codified the President's decision when you say that this is what we are going to do.

The CHAIRMAN. That is correct—in the committee, in the staff print.

Senator MOYNIHAN. Yes.

I very much support what you are saying.

Can we expect that under the term "not occupy" we would include as well "not use for the purpose of telephone interceptions"?

Senator HELMS. Good question. Good point.

Senator MOYNIHAN. I will put it this way.

We had to get rid of some of their people up in New York, and Mr. Shevardnadze said to Secretary Shultz, "I don't know why you want to get rid of him. Why, he never leaves the building." He just sits there with his earphones on all day. [Laughter.]

Sir, you do know if they are in there and if electronic signals emanate. You just know that.

So can we expect that you will see that it is stopped as well, that you will just tell them to stop it?

Mr. NOLAN. I can answer that, Senator.

Senator MOYNIHAN. Please.

Mr. NOLAN. Any such use of the building would be a violation of the agreement and I assure you that we would stop it.

Senator MOYNIHAN. Not to be presumptuous, but just so that they will know that you are acting under instructions from this committee which you will get, might you give us that statement in writing? That is a friendly request. If they give you any problems, you can always blame us. [Laughter.]

Mr. **Nolan**. Yes, sir.

[The information follows:]

Department of State,
Office of Foreign Missions,
Washington.

Hon. Daniel P. Moynihan,
U.S. Senate,
Washington, DC.

Dear Senator Moynihan: At the hearing before the Foreign Relations Committee on April 30, 1987, you asked what action the Department of State would take were the Soviets to use their Chancery Building for intelligence collection activities prior to simultaneous occupancy of both the US and USSR chancery buildings. Any use of the chancery building, including its use for technical collection, would seriously violate the basic agreement.

How the Department would respond to a specific violation would, of course, depend on the nature of the violation. The Department would not hesitate to declare persona-non-grata and expel any Soviet using the chancery building and would take such additional steps as terminating power on utilities to bring an immediate halt to any use of the chancery building prior to our being able to use our new chancery building in Moscow.

Sincerely,

James E. Nolan,
Director.

Senator **Moynihan**. Thank you very much.

Would you agree that that would be a good thing to do?

Senator **Helms**. Absolutely.

The **Chairman**. I do, and I think we might amend the staff print to incorporate that in it.

Senator **Moynihan**. Could we do that, Mr. Chairman?

The **Chairman**. Yes. I don't see any reason why not.

Senator **Moynihan**. Thank you very much.

The **Chairman**. Senator Helms, do you have any questions?

Senator **Helms**. Yes, I have one final question.

I want to go back to Herman Silber, the Soviet architect who designed our Embassy in Moscow.

Mr. Lamb, last September, the Bureau of Security, I am told, informed senior staff members of this committee and the committee staff directors that this yarn about Mr. Silber was—and I quote Mr. Dan Carlin, do you know him?

Mr. **Lamb**. Dan Carlin, yes, sir, I do. He works for me.

Senator **Helms**. Is he a pretty reliable fellow?

Mr. **Lamb**. Yes, sir. He is.

Senator **Helms**. He called it an "apocryphal story."

I take that to mean that all of this stuff about his either having committed suicide or died of a heart attack, or maybe it was cancer, or smoking too much, or whatever it was, was just purely apocryphal.

But, in any case, I find it difficult to understand how it is that the committee staff, the Foreign Relations Committee staff, find out about Mr. Silber before the appropriate officers in security. Can you clear me up on that?

Mr. **Lamb**. Yes, sir. We have known about Mr. Silber for a long time. I think there are aspects of the Silber story that are apocryphal. I think we had to treat it from the very beginning as if it were a counterintelligence breach, a counterespionage breach. We investigated it as such, as we have investigated him on three different occasions, the most recent being in late 1986.

Senator **HELMS**. Mr. Dertadian, I don't want to rely on what was said this morning, and I am not. But let me ask you one final question.

What odds would you give that Mr. Silber is not today alive, if you had to bet?

Now, I do not ask you to go into what we talked about this morning.

Mr. **DERTADIAN**. I am a terrible gambler. I really don't know, sir. On the basis of investigations and the information that has been uncovered, I really can't answer that question. I'd say that I think the odds are pretty good, but I don't know.

Senator **HELMS**. OK.

I just hope we do better, Mr. Chairman, in terms of China and the six Embassies that we are planning to build in the Eastern bloc countries, and all of that.

Maybe we should take seriously the Soviet Union and understand what the Soviet Union is in terms of duplicity and what they have been doing to us.

I am just awe-struck by what was allowed to happen and the judgments that were made, the caving in and all the rest of it.

But I thank you, Mr. Chairman. I have no further questions.

Senator **PRESSLER**. Mr. Chairman.

The **CHAIRMAN**. Senator Pressler.

Senator **PRESSLER**. I was just handed a note by staff saying that the check of State Department answers for the record indicates that they did not answer the questions I asked nor the questions they promised Senator Helms they would answer for the record.

I don't know what the questions of Senator Helms were.

Are you sure that my question on the State Department's silver was answered last time?

Mr. **SPIERS**. I'm not sure because I have not personally reviewed the answers.

Senator **PRESSLER**. What do you intend to do about it?

Mr. **SPIERS**. As soon as I get back, I will check.

Senator **HELMS**. Our questions related to the Office of the Secretary. I am just informed that our questions were not answered at all.

You know, sometimes I feel like I am going to collect social security before I get answers to questions.

Mr. **SPIERS**. I will find out about it.

Senator **HELMS**. Sir?

Mr. **SPIERS**. I will find out about it.

Senator **HELMS**. Good.

The **CHAIRMAN**. I would hope that you would spur up those answers, and I would ask that the record be kept open for Senator Evans and any others of our colleagues who may have additional questions to submit.

The record will be kept open for at least a day.

This hearing is adjourned.

[Whereupon, at 3:50 p.m., the committee adjourned.]

APPENDIX

100TH CONGRESS
1ST SESSION

S. 740

To amend the Board for International Broadcasting Act of 1973 and to authorize appropriations for fiscal years 1988 and 1989 for carrying out that Act.

IN THE SENATE OF THE UNITED STATES

MARCH 12, 1987

Mr. PELL (by request) introduced the following bill; which was read twice and referred to the Committee on Foreign Relations

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A BILL

To amend the Board for International Broadcasting Act of 1973 and to authorize appropriations for fiscal years 1988 and 1989 for carrying out that Act.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. Section 8(a)(1)(A) of the Board for International Broadcasting Act of 1973 (22 U.S.C. 2877) is amended to read as follows:

"(A) $203,573,000 for the fiscal year 1988 and $162,300,000 for fiscal year 1989; and".

SEC. 2. Section 8(b) of the Board for International Broadcasting Act of 1973 (22 U.S.C. 2877) is amended by adding after "RFE/RL, Incorporated," and before "may be merged with" the following "shall be certified by the Director of the Office of Management and Budget and placed in reserve only for the purpose of offsetting future downward fluctuations in foreign currency exchange rates in order to maintain the level of operations authorized for each fiscal year. In addition, these amounts".

SEC. 3. Section 8(c) of the Board for International Broadcasting Act of 1973 (22 U.S.C. 2877) is deleted.

SEC. 4. Section 8332(b) of title 5 U.S.C. is amended by deleting in the final paragraph the final sentence beginning with "The Office of Personnel Management shall accept the certification of the Executive Director" and inserting in lieu thereof the following: "The services for the purposes of this subchapter of the type described in paragraph (11) of this subsection shall be certified for Civil Service Retirement credit as follows: The Executive Director of the Board for International Broadcasting shall certify the services of employees of the National Committee for a Free Europe; Free Europe Committee; Free Europe, Incorporated; Radio Liberation Committee; Radio Liberty Committee and subdivisions of any of those organizations; and Radio Free Europe/Radio Liberty, Incorporated; the Personnel Director, Asia Foundation, shall certify the services of employees of Radio Free Asia and the Asia Foundation; the Administrative Officer, American Forces Information Service, shall certify the services of employees of the Armed Forces Network, Europe (AFN–E).".

SEC. 5. This bill may be cited as the "Board for International Broadcasting Authorization Act, Fiscal Years 1988 and 1989".

[The New York Times, Oct. 18, 1986]

PROPER FEDERAL FUNDING FOR YOUTH EXCHANGES

(BY Hans N. Tuch)

WASHINGTON — Congress's determination to pare back the funding for international exchange programs for youth would provide only scant savings for our swollen Federal budget. Yet it would severely cripple one of the most promising and cost-effective programs available to foster understanding abroad for the people, ideas and ideals of the United States. Exchanges are also effective in helping our youth learn about and understand foreign societies.

Although this is one area in which the private sector can play a significant role, it should also be a priority of the Federal Government. Congress should salvage the program by restoring some of the deep cuts made last year in the budget for youth exchanges.

Youth exchange programs allow foreign youngsters to spend a school year in the United States or an American student to spend a year abroad, living with a host family, going to school, becoming integrated in a community. The experience — substantive and emotional — that a youngster acquires will very likely stay with him or her for a lifetime.

The concept that international youth exchanges are beneficial to the individual participants and to society in general is, of course, not new.

At least since World War II — and even earlier — a number of private nonprofit organizations led the way in promoting and organizing exchanges of American and foreign students. Among the most prominent of these are Experiment in International Living, American Field Service and Youth For Understanding.

It was not until a few years ago, however, that the United States Government recognized that youth exchanges — as distinct from other educational and cultural exchanges — were in the national interest.

In the 1960's and 1970's, we began to see a deterioration in the previously close associations between Americans and citizens of other countries, principally Europeans. The close personal, professional and academic associations established in the decades after World War II helped create the relationships that had been so important in building the interdependence of the Western democracies.

The weakening of these bonds resulted in increased misunderstandings and plain ignorance, especially among the young generation on both sides of the Atlantic — the generation that was in the process of succeeding to the reins of power.

Something had to be done, leaders in the United States and Europe realized, to repair the bonds and rekindle the mutual understanding and confidence that existed earlier.

In fiscal 1982, the Reagan Administration launched the International Youth Initiative with $1.3 million, which was met with $3.5 million in private funds. The purpose was to increase exchanges between American and foreign youth, thereby hoping to bolster ties among the future leaders of the Western democratic world.

In 1985, the program received $7.5 million in Federal funding but in 1986 these funds were cut to $6.3 million. If Congress were further to reduce funding for international exchanges, this would cripple the International Youth Initiative.

It is true that the success and cost-effectiveness of international youth exchange programs result in large measure from the volunteer efforts of private citizens who place, play host to and counsel the exchange students. Volunteerism as an engine of democracy is relatively unknown abroad even in the other Western democracies. As such, the activities of organizations like Youth For Understanding, which depend largely on volunteers, are important and exportable assets of our society.

Youth exchanges should remain largely in the hands of volunteer organizations and private initiative. But they should also be recognized as a national priority that requires the cooperation of the United States Government.

Congress is looking for ways to reduce the Federal budget, but it should not lose sight of the fact that international youth exchanges are useful to the whole nation and that for this reason the fine cooperation between the private sector and the Government should continue. The international youth exchange program deserves to be properly funded.

PREPARED STATEMENT OF NORMAN W. PAINTER

Mr. Chairman and Members of the Committee, I am pleased to be here today to present to you the views of the Exclusive Representative for the employees of the United States Information Agency. I thank you for allowing us the opportunity to present our unique perspective on the management of USIA, and hope that you will find my testimony to be of use as you deliberate the Agency's FY 1988 and FY 1989 authorization request.

AFGE Local 1812 is the elected, exclusive bargaining representative for approximately 3300 Civil Service and Foreign Service employees in USIA. We represent USIA employees in all areas of the Agency, ranging from International Radio Broadcasters in the Voice of America and "Radio Marti" to Information Officers at U.S. Embassies around the world to Clerk Typists in the various Agency bureaus and elements here in Washington.

In short, our bargaining unit members are the heart and soul of the Agency's mission to "tell America's story to the world." Unfortunately, Agency managers have failed to recognize that the employees who work for USIA are talented, creative and professional employees. The "story" we have to tell here today is not one they can be proud of. We are here today to tell you about various Agency managers whose actions, we believe, clearly constitute abuse and harassment of loyal and dedicated employees.

What is happening at USIA is typical of the current Administration. USIA is just one more example of the way this Administration's managers treat government employees. Managers at USIA violate the law, break the rules and existing regulations, and ignore and violate the Union Contract.

Appeals within the Agency result in upper level rubber-stamp approval of the lower managers' wrong-doing. Director Wick was told about the growing violations in the Agency on December 4, 1986, but did nothing effective about them.

Unfair Labor Practices (ULP's) were filed with the Federal Labor Relations Authority (FLRA), but their attorneys, under guidance from their political appointee director, ignore the basic facts of the ULPs-- namely that a manger broke the law-- and search until they find a technicality on which basis they can dismiss the case.

The Executive Branch of Government is not effective in the search for justice. There are too many power blocks, deeply entrenched, each of which wants a larger piece of the pie. So federal employees get the crumbs.

What follows here is a series of examples of the abuse and harassment of employees at USIA. This is an appeal to the Legislative Branch. We hope that as Congress deliberates the Agency's FY 1988 and FY 1989 budget requests it will take our position into consideration and instruct the managers of USIA as to the intent of Congress when it passed the CSRA of 1978 and the Foreign Service Act of 1980. We hope Congress will send a message to employees which not only supports the mission of the Agency, but which is also morale reinforcing in substance and which will permit employees to work in their innate conscientious way to improve production.

SOME CASES IN POINT:

1. Failure to Properly Notify and Negotiate

The Voice of America unilaterally issued a new Directive on Outside Employment. It included pre-publication clearance procedures as well. This new Directive was issued without proper notification to the Union, a violation of 5 USC 7116 and clearly an Unfair Labor Practice. When the Union persuaded management to negotiate on this change in the conditions of employment, which they were supposed to have done in the first place, Agency negotiators made the process slow and tedious. They refused to withdraw the illegal Directive while negotiations were under way, which would have been a show of good faith.

Among the most objectionable portions of the new Directive were 1) the requirement that employees receive supervisory approval prior to any outside employment and, 2) a less favorable method of pre-publication review. Both of these examples were in contradiction with previously negotiated agreements and clearly an Unfair Labor Practice under the law.

2. Unilateral Change in Peformance Appraisal Reports

After a negotiated agreement was reached on the subject of Performance Appraisal Reports for non-citizen ("GG") employees at the Voice of America, Mr. Richard Carlson, Director of VOA went to unprecedented means to distribute, to his managers only, an "Administratively Confidential" memorandum in which he contradicted the negotiated agreement, misstated the Union's position on the issues, and implemented a system which was never negotiated. Again, another Unfair Labor Practice was committed in violation of 5 USC 7116.

3. Abuse of "Outstanding" Employees

Contrary to regulations then in effect, Agency personnel managers in 1985 and 1986 refused to process "Outstanding" performance appraisals for 80 employees, because their supervisors missed the deadlines for submitting those ratings. Consequently, those outstanding employees did not receive the rewards of the status earned: extra points when applying for promotions, extra protection from RIFS, and the like.

Only when the Union filed an Institutional Grievance did the Agency complete the processing of the deliquent ratings. Even then, however, managers tried to place the burden on the Union to investigate and determine which employees were affected by management's egregious actions. If the Agency treats their best employees like that, what chance do others have?

4. AIDS Testing Challenged

On January 5, 1987, State Department Management, with USIA acquiescence, unilaterally included the ELISA test for the AIDS virus (HIV) as part of its medical clearance process, and initiated a new clearance policy for employees whose test results proved positive. Applicants who tested positive were to be denied employment. The Department implemented the new test and medical clearance policy despite the Union's repeated requests that the Department meet and negotiate with the Union prior to implementation of the policy.

The new policy is a violation of due process, the Fourth Amendment and the privacy rights of any affected federal employee. The policy also violates the Rehabilitation Act of 1973 and the Foreign Service Act of 1980. Moreover, the Department's refusal to negotiate with the Union prior to implementation of this new policy violated its statutory and contractual obligations to bargain in good faith with the Union prior to implementation of a change in working conditions.

We are now challenging this policy in Federal District Court and have filed an implementation dispute challenging the Agency's unlawful refusal to bargain.

5. Growing Deceit by USIA Management

Early in Fiscal 1987, the Agency told AFGE that there would not be any Reductions in Force (RIFs)-- except as a last resort. The Agency assured us that other means would be used to achieve Agency cuts, such as furloughs, attrition, and the hiring freeze.

Then, within weeks, all thirteen employees in the Photo Lab were RIFed.

Next, the Agency called the Union to the negotiating table on furloughs. As the Exclusive Representative we were required by law to negotiate. In the Agency proposal we found: "The Agency will resort to furloughs only after exploring other means of meeting its needs..."

Now they want to negotiate RIF procedures!

* * *

Mr. Chairman, if the above cited examples of blatant disregard for employees rights are not enough, we submit that the situation at "Radio Marti" offers the best insight into just how bad things can get for employees at USIA when poor managers manage so very poorly. In addition, Mr. Chairman, we believe that the "Radio Marti" situation has consequences, also, for the mission of the Agency and for the nation.

Problems Mounting at "Radio Marti"

The Cuba Service of the Voice of America, more commonly known as "Radio Marti", is in deep crisis, Mr. Chairman.

Because of recent events which have warranted Union involvement, AFGE has been able to identify the problems that lie at the root of this crisis. We are not talking about the petty bureaucratic problems that exist in any organization, but about fundamental issues that challenge the intent of Congress when Radio Marti was created. I believe, Mr. Chairman, that the Union brings a unique and valuable perespective to these problems and I submit that their solution depends heavily on understanding this perspective.

Just four years after this Committee first authorized the Cuba Service and only two years after Radio Marti went on the air in the spring of 1985, employee morale is at rock bottom and vacancies are widespread and growing. Since Radio Marti positions are largely exempt from USIA's hiring freeze and funding has been rather generous, the problems clearly lie elsewhere.

AFGE believes the problems at Radio Marti are the direct result of two factors: undue outside political interference and unprofessional management. Although the remainder of my remarks will address primarily the evidence of unprofessional management, it is useful to remember that this factor is intimately related to the other factor, political interference.

Unprofessional management was at the root of the recent, unfortunate case of the White House reporter for Radio Marti, Annette Lopez-Munoz, who was literally hounded into resigning her government employment for asking a question at a televised Presidential press conference -- an action for which she believed and still believes that she had the prior explicit approval of her supervisors. The injustice of that case remains as a permanent blot on the Agency's record, and it produced a substantial body of unambiguous documentation of unprofessional management at Radio Marti.

Unprofessional management in the spring of 1986 brushed aside the criticial findings of Radio Marti's first annual independent, outside evaluation required by the Congress, and ordered up a new study whose findings were easier to swallow.

That first Report, by Professor Douglas Boyd of the University of Delaware School of Communications and Professor Joseph Straubhaar of Michigan State University School of Communications, contained the prophetic observation that "Radio Marti's management and staff are physically, administratively, and programmatically isolated from USIA... Management should make every effort to eliminate what we find to be an insular atmosphere at Radio Marti... We do not feel that the goals of the station and thus the aims of USIA will be served if [this] situation continues." I call this statement of a year ago prophetic, Mr. Chairman, because the pain and embarrassment of the Annette Lopez-Munoz affair is clearly traceable to Radio Marti's isolation from its parent organization, the Voice of America, whose operating policies were poorly disseminated and hence loosely applied at Radio Marti.

Unprofessional management is so endemic at Radio Marti that nineteen employees signed a petition in late November, in an atmosphere of blatant intimidation and at the risk of summary dismissal, to request an internal investigation of "administrative irregularities" and "fundamental problems" of management. As a direct result of that petition, VOA Director Richard Carlson ordered an investigation of Radio Marti by his own staff, and that investigation is still under way.

Meanwhile, right after the nineteen Radio Marti employees signed the petition, active intimidation by supervisors within the Marti "compound" intensified so much that the Union was compelled to file an Unfair Labor Practice (ULP) charge with the Federal Labor Relations Authority. The FLRA is still investigating that charge.

I believe, Mr. Chairman, that one recent incident both summarizes and symbolizes the problem of unprofessional management at Radio Marti. That incident was Radio Marti's production and broadcasting to our audience in Cuba of a faked interview with President Reagan on regional issues. That so-called "interview" was prepared and staged with the direct intervention of the National Security Council.

I'm sure I don't have to remind this Committe, Mr. Chairman, that the legislation which created Radio Marti clearly specified that the new Cuba Service must adhere strictly to the Voice of America Charter, which sets a high standard of journalistic professionalism.

Specifically, that Charter says that VOA "...to be effective... must win the attention and respect of listeners." The first of three guiding principles is that "VOA will serve as a consistently reliable and authoritative source of news. VOA news will be accurate, objective, and comprehensive."

Under this Charter, everyone understands that policy statements and addresses by high government officials are news, and will be carried in whole or in part by the various language services to interested audiences. But everyone (or almost everyone) also understands that to format a national policy statement by the President of the United States so that it appears to the audience to be a legitimate, "arms-length" press interview is a clear violation of elementary journalistic norms and of the VOA Charter.

Unfortunately, that is not what is understood by Radio Marti's managers. Here is what actually happened in June 1986, as told by none other than the Director of Radio Marti, Ernesto Betancourt, to the staff of VOA Director Richard Carlson in December 1986:

> Mr. Betancourt explained that [the then White House Correspondent for Radio Marti] was very upset about the fact that Mr. Betancourt conducted the interview instead of [the Correspondent]. He said it was really designed to be a statement of U.S. policy from the President on areas of interest to the Cuban people. The format could have been a speech or an interview. It was originally going to be done after Geneva [November 1985] or on the anniversary of the invasion of Grenada, but had to be postponed.

Because the interview covered foreign policy areas involving Commerce, State and other agencies, the NSC had to clear the questions and prepare the policy answers. Mr. Betancourt, Dr. Medrano [Betancourt's deputy], Mr. Mallin [Director, News Department], and Ms. Silva [Deputy Director, News Department] all helped to prepare the questions, which were then passed to the NSC. He recalls that some questions were 'adjusted' slightly to correspond with the policy statements. This was not surprising to Mr. Betancourt since some of the questions involved very serious and complicated matters.

Mr. Betancourt, Mr. Mallin and [the White House Correspondent] all went to the White House for the interview, but only Mr. Betancourt, as the senior member of the delegation, asked the questions. The President only read the first two or three lines of the answers for time's sake, then the rest of the answers were ultimately broadcast in Spanish.

Mr. Betancourt emphasized that this was a completely legiti- mate way of doing the interview, and the involvement of the NSC was normal and reasonable.[1]

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[1] Excerpted from Memorandum dated December 11, 1986, from Gregg Prillaman (VOA/PL) to Robert Coonrod (VOA), "Notes of Interview With Messrs. Betancourt and Medrano re Nov. 19, 1986 Presidential Press Conference Incident. (Final - Approved by Messrs. Betancourt and Medrano on 12/16)"

In other words, Radio Marti's interview with President Reagan was a journalistic sham, with the NSC writing both the questions and the answers. Given what we know today about NSC "operations" with regard to Iran and the "contras" through November 1986, NSC intervention in Radio Marti's programming in June 1986 is doubly disconcerting.

So Radio Marti's director, who is not himself a journalist, pulled rank and took over the reading of the doctored questions from the staff journalist, White House Correspondent Annette Lopez-Munoz, who had expressed disapproval of the procedure. The President put in a token presence on the microphone, his "answers" in Spanish translation were dubbed in later, and then the whole thing was played for Cuban audiences as if it had been a legitimate news interview. And that is what passes for profesionalism at the managerial level of Radio Marti!

Career professional journalists at VOA and at Radio Marti are rightly indignant at the way Radio Marti's managers are treating VOA's hard-won Charter. Until now, this incident has not been widely known at VOA, but all the writers, editors and broadcasters we have talked with about it are appalled that this actually happened. One highly-placed VOA manager told AFGE that he "would absolutely refuse to let his staff participate in a staged interview with anyone, and would refuse to carry it on the air if anyone brought it" to him. And rightly so!

That, Mr. Chairman, illustrates what I mean by unprofessional management at Radio Marti. It permeates every aspect of management there, from treatment of employees to relations with the White House and with outside political interest groups. It has far-reaching implications not only for our credibility with Cuban audiences, but also for our image as a free and democratic country.

This Union believes, Mr. Chairman, that the Congress was correct when it decided we should have a special radio service for the oppressed people of Cuba. Make no mistake: AFGE Local 1812 would regret it greatly if the Cuban authorities, who have absolute disregard for the principles we are hereby defending, should exploit our testimony in an effort to discredit the Radio Marti Program. During recent months we have come to know a broad cross-section of Radio Marti's employees, and we have learned to respect them for the dedicated professionals they are. We know the Cuban government would be happy to see the dismemberment of a Program that has broken the information monopoly it holds over its own people. But we also believe in the strength of our own institutions to withstand self-criticism and to come out better for it.

Thus, although many of the career professional broadcasters we represent had serious reservations about placing 'Marti' under the VOA umbrella, the Union believes it is still a valid concept. We urge you to follow through and demand a thoroughly professional implementation of that concept.

Specifically, we urge the Congress to take the following actions:

1. Monitor closely the soon-to-be-completed internal investigation of Radio Marti's management, and help us ensure that the implementation of its recommendations don't get lost in a political whitewash.

2. Consider ordering the complete merger of the administrative and personnel offices of VOA and Radio Marti.

3. Instruct VOA and Radio Marti managers to begin using Competitive Service appointments for all positions at Radio Marti as quickly as possible, but without jeopardizing the jobs of staff already on board.

4. Instruct VOA and Radio Marti managers to inaugurate an annual, VOA-style (internal) program review for the Cuba Service, as is regularly done in all of VOA's other language services, and to take other concrete steps to reduce Radio Marti's program isolation from the rest of VOA.

5. Make clear to the Program's managers that the Congress intends for Radio Marti to be a model for the Cuban people, not just in the information provided in its broadcasts, but also in the way it functions as a journalistic enterprise, in

the way its employees are treated, and the way its resources are managed.

PREPARED STATEMENT OF THE PRESIDENTIAL ADVISORY BOARD ON BROADCASTING TO CUBA

The Radio Marti Program of the VOA is the first and only successful informational effort of the United States in countering Castro's hostility. According to a cable on March 2, 1987 from the United States Interest Section in Havana, "Post believes Marti has a large and broadranging audience, and concludes that after only two years on the air it has achieved credibility and is already a factor in the decision-making and assessment process of the average Cuban as well as the Castro regime."

Further evidence of the impact of the Radio Marti Program was expressed by Ricardo Bofill, a former professor of Marxism at Havana University and president of Cuba's underground human rights committee, who has been jailed several times for his activities on behalf of human rights. He wrote:

> "It seems to me there will come a time, with respect to the problems existing in Cuba today, in which we will have to talk about the time before and after Radio Marti went on the air. At long last there is the ability to respond to the monologue Fidel Castro has been sustaining with the Cuban people for almost twenty-seven years."

Therefore, Mr. Painter is wrong when he says that Radio Marti is in a crisis.

The Radio Marti Program has been extremely successful and has gained an audience in Cuba estimated at between two and three million listeners. Research into the audience of Radio Marti shows that Radio Marti is the most popular radio station in Cuba. Listener loyalty is growing and Radio Marti is increasingly viewed as a valuable, daily source of information and entertainment. As of March 24, 1987, Radio Marti had interviewed 623 Cubans who had migrated after the station went on the air. Of these, 95% said they listened to radio Marti while in Cuba. Listenership to other stations such as Radio Progreso, Cuba's most popular domestic station, is declining. There are currently approximately three Radio Marti listeners to every one Radio Progreso listener.

In addition, the average time spent listening to Radio Marti is increasing. When Radio Marti first went on the air, (June-October 1985), over half its audiences were daily listeners. A year later (March-July 1986), 82% listened on a daily basis.

The Cuban government has not let its citizens listen to Radio Marti without harassment. During the first few months that Radio Marti was on the air, listeners were subjected to jail sentences, fines and loss of jobs. As the audience has grown, the government's tactic has been to put pressure on listeners through the media and the Committee for the Defense of the Revolution (CDR) to discourage listening. The station's immense popularity has broken the government's hold over the information it imparts to its people, and this is of great concern to Castro. Party officials attack Radio Marti as radio agression or the enemy radio. On September 28, 1986, Carlos Aldana, head of the Department of Revolutionary Orientation said at a CDR Congress, "...it constitutes a problem of personal dignity, of revolutionary dignity, not to listen to the transmissions of enemy radio." On the same date, José Abrantes, Minister of the Interior also addressed the CDR Congress, calling those who listened to "enemy radio transmissions," "weak and cowardly elements" of the population.

Mr. Painter claims that there is political interference at Radio Marti. However, since Mr. Painter has not been able to provide one iota of evidence of political interference, his accusation in this respect has to be rejected outright. In fact, if anything, it may be a reflection of Mr. Painter's own political motivations in making this attack.

Mr. Painter brings up the case of Annette Lopez-Muñoz, Radio Marti's former White House reporter who resigned after being taken off the White House beat for violating a USIA's policy which states that USIA employees may not ask questions at Presidential press conferences.

The case of Annette Lopez Muñoz is quoted by Mr. Painter without full respect for the facts. Mr. Painter ignores the conclusion of the report prepared by Mr. Robert Coonrod, Executive Assistant to the Director of VOA which says "...she violated an Agency policy -- knowingly, I believe -- in the most public manner possible. Then, instead of making an effort to resolve the problem internally, she chose to use the media to publicize her concerns and make charges which were not true." As the Coonrod reports mentions, this unfortunate incident revealed that there are aspects of the management of the News Department that could be improved. Measures have been taken to avoid its repetition and to strengthen overall management practices.

In his statement, Mr. Painter claims that Radio Marti's outside evaluation by Professors Douglas Boyd and Joseph Straubhaar was "brushed aside" because it was critical of Radio Marti. The report by Professors Boyd and Straubhaar was not "brushed aside". In fact, it was found to be faulty in several important aspects. First, its scope was not consistent with the requirements of the contract. Second, many of the recommendations, if carried out, would have been illegal under the legislation. Third, methodologically it was seriously deficient. The data used was faulty and did not stand scrutiny. Fourth, the authors did not have the expertise to perform the evaluation. Neither had any knowledge of Cuba nor the Cuban audience. One of them had absolutely no knowledge of Spanish.

Nevertheless, their evaluation was openly sent to Congress. However, because the evaluation was lacking in so many areas, a second evaluation was requested by USIA. It too, was sent to Congress.

A charge is made by Mr. Painter of "an atmosphere of blatant intimidation" of Radio Marti staff involving a petition signed by 19 employees. It should be noted first that there were, at the time, 156 employees at Radio Marti. The 19 who signed represented only a small fraction of the staff. Second, the investigation of the charges made in the petition was requested by the Radio Marti Director. Third, AFGE withdrew its charge of intimidation to the Federal Labor Relations Authority. Therefore, the charge has not been documented.

Mr. Painter next brings up Radio Marti's interview with the President as an example of its failure to adhere to the Voice of America Charter, citing the fact that the answers were drafted by the National Security Council and read by the President, rather than answered by the President extemporaneously. At this point it should be made clear that Mr. Painter misinterpreted and misapplied the VOA Charter which states:

> "(1) VOA will serve as a consistently reliable and authoritative source of news. VOA news will be accurate, objective, and comprehensive."
>
> "(2) VOA will represent America, not any single segment of American society, and will therefore present a balanced and comprehensive projection of significant American thought and institutions."
>
> "(3) VOA will present the policies of the United States clearly and effectively, and will also present responsible discussion and opinion on these policies."

By using the first point in the VOA Charter to judge the President's interview, Mr. Painter is setting up a strawman. The interview was produced and broadcast under point three of the VOA Charter which says "VOA will present the policies of the United States clearly and effectively....."

The interview with the President was requested by Radio Marti to obtain a formal statement of U.S. policy on issues of interest to the Cuban listeners. The interview provided a more effective format for radio than a long statement. Radio Marti identified the issues it felt relevant and drafted the questions. The National Security Council staff coordinated the answers, and the White House speech writers or press staff drafted them in English. Radio Marti listeners expect formal authoritative answers on U.S. policies, and the National Security Council is the proper agency to coordinate them. Once approved, those answers become the President's answers.

The criticism by Mr. Painter is made from the standpoint of news coverage, for which the VOA Charter sets standards equal to those of private media. Radio Marti follows those standards in its news coverage. However, journalists working for commercial media do not operate under a charter which requires them to "present the policies of the United States clearly and effectively." What was done with the President's interview was professionally consistent with that point in the Charter. Radio Marti did not misrepresent the interview. It was introduced as a special program, not within a newscast, as follows:

> "The Radio Marti Program presents a special interview. In view of the situation in Nicaragua, Radio Marti asked for an interview with the President of the United States, Ronald Reagan, about this topic and others of interest to our listeners in Cuba. Now, the interview given to the Director of the Radio Marti Program."

Mr. Painter also charges that the director of Radio Marti "pulled rank and took over the reading of the doctored questions." The Radio Marti director, Ernesto Betancourt, has a policy of not appearing in any Radio Marti program. In this one case, it was at the request of the White House that he conducted the interview, as the senior member of the delegation. Mr. Painter's concluding remarks expressing regret should his statement be exploited by the Cuban government to discredit Radio Marti, is difficult to accept. His actions demonstrate a lack of objectivity in evaluating the Program and rather shows his own opposition to Radio Marti. Finally, the recommendations he includes are not based on fact, contradict the law and are designed to dilute and cripple Radio Marti and prevent it from carrying out its Congressionally-mandated mission.

PREPARED STATEMENT OF ALAN L. KEYES

It is a pleasure to appear before you today in support of our request for Fiscal Year 1988, totalling $506,000,000 for 1988 and such sums as may be necessary for FY 1989 for the International Organizations and Conferences (IOC) Chapter of the Department's Authorization of Appropriations Bill. As you know, this authorization covers three separate appropriations. Our requests under the IOC Chapter for Fiscal Year 1988 include: Contributions to International Organizations, $470,000,000; Contributions for International Peacekeeping Activities, $30,000,000; and International Conferences and Contingencies, $6,000,000.

In addition to the amount requested to be authorized under this chapter, the Department's FY 1988-89 Authorization Bill includes a provision to amend the Kassebaum-Solomon Amendment to take account of our success regarding UN Reform. Our Bill includes a provision which authorizes such additional sums as may be necessary to restore our assessed contributions to international organizations to their proper levels in the FY 1988 budget. The monies would be released upon Presidential certification that the UN and specialized agencies have adopted, or are making substantial progress in adopting, improved budgetary decision-making procedures and are implementing them.

As this is my first appearance before this Committee, I would like to briefly review what has transpired this past year with respect to our participation in the United Nations. Our efforts in achieving UN Reform centered on seeking greater donor influence at key points in the program budget decision making process and insisting that every stage of this process

BE MADE MORE TRANSPARENT SINCE THE AVAILABILITY OF THIS INFORMATION IS CRUCIAL TO THE EXERCISE OF DONOR INFLUENCE. IT WAS OUR CONTENTION THAT, IF WE WERE SUCCESSFUL IN CHANGING THE PROGRAM BUDGET DECISION-MAKING PROCEDURE SO THAT COSTS WERE TAKEN INTO ACCOUNT WHEN ESTABLISHING PRIORITIES AND SELECTING PROGRAMS, WE COULD FORCE ORGANIZATIONS TO CHOOSE BETWEEN COMPETING PRIORITIES.

ON DECEMBER 19, 1986, THE UNITED NATIONS GENERAL ASSEMBLY ADOPTED BY CONSENSUS A SIGNIFICANT REFORM PACKAGE, ONE THAT COULD MEASURABLY INCREASE THE INFLUENCE OF MAJOR CONTRIBUTORS SUCH AS THE UNITED STATES OVER THE BUDGET AND MANAGEMENT OF THE UNITED NATIONS ORGANIZATION. OF COURSE, THE REAL PROOF OF REFORM WILL BE IN THE IMPLEMENTATION. JUST AS WE PLEDGED LAST YEAR TO DO OUR UTMOST TO ACHIEVE NECESSARY REFORMS, WE PLEDGE NOW TO CONTINUE OUR EFFORTS TO ASSURE THAT THEY WILL BE EFFECTIVELY CARRIED OUT.

NOTHING WE HAVE DONE, HOWEVER, WOULD HAVE BEEN POSSIBLE WITHOUT THE SERIOUS, INFORMED CONCERN AND SUPPORT OF THE CONGRESS -- NOTHING WE HAVE DONE AND NOTHING WE HOPE TO DO. IN THE CLOSING DAYS OF THE 41ST UN GENERAL ASSEMBLY WE ACHIEVED A MAJOR FOREIGN POLICY ACCOMPLISHMENT. THE ADMINISTRATION, WITH THE SUPPORT OF THE CONGRESS, SUCCEEDED IN HAVING THE UN TAKE WHAT THE PRESIDENT HAS DESCRIBED AS "AN HISTORIC STEP TO ADOPT SWEEPING REFORMS OF ITS ORGANIZATION AND METHODS OF OPERATION...DESIGNED TO STRENGTHEN THE ORGANIZATION'S EFFECTIVENESS AND EFFICIENCY IN CARRYING OUT ITS IMPORTANT POLITICAL, ECONOMIC AND SOCIAL OBJECTIVES." ADOPTION OF THESE REFORMS REPRESENTS THE CULMINATION OF SIX YEARS OF SERIOUS EFFORT, WHICH WOULD NOT HAVE BEEN POSSIBLE WITHOUT CONGRESSIONAL ASSISTANCE.

CONTINUATION OF THIS COMBINED EFFORT IS NECESSARY AT THIS CRITICAL STAGE TO TAKE ADVANTAGE OF THE POSSIBILITY WE NOW HAVE FOR EFFECTIVELY REASSERTING IMPORTANT U.S. INTERESTS THROUGH OUR STRENGTHENED PARTICIPATION IN THE UN AND OTHER INTERNATIONAL ORGANIZATIONS. WE NOW HAVE THE POSSIBILITY FOR GREATLY INCREASED INFLUENCE OVER THE MANAGEMENT OF UN RESOURCES. PROPERLY USED, THIS WILL HAVE A SIGNIFICANT AND POSITIVE IMPACT ON THE OVERALL UN POLITICAL PROCESS. GIVEN THE CRITICAL IMPORTANCE OF YOUR COOPERATION, MR. CHAIRMAN, I WOULD LIKE, BEFORE ADDRESSING THE SPECIFICS OF THE REQUEST, TO DISCUSS IN MORE DETAIL WITH YOU AND THE MEMBERS THE COMMITTEE THE ACTIONS TAKEN BY THE 41ST GENERAL ASSEMBLY.

THE KEY FEATURE IN THE UN REFORM PACKAGE IS A BUDGET MECHANISM WHICH CONTAINS FOUR ESSENTIAL ELEMENTS:

--A BUDGET CEILING;

--AN INDICATION OF PROGRAM PRIORITIES;

--A PROVISION FOR A LIMITED CONTINGENCY FUND WHICH WILL PROTECT THE INTEGRITY OF THE BUDGET FROM CONSTANT ADD-ONS; AND

--MOST IMPORTANTLY, A CONSENSUS DECISION-MAKING PROCESS.

TO IMPLEMENT THESE FEATURES, THE MANDATE OF AN EXISTING COMMITTEE, THE COMMITTEE FOR PROGRAM AND COORDINATION, OR CPC, HAS BEEN STRENGTHENED SO THAT THE CPC MAY UNDERTAKE ITS IMPORTANT NEW RESPONSIBILITIES IN CONSIDERING THE SECRETARY GENERAL'S PROGRAM BUDGET OUTLINE AND SUBMITTING ITS CONCLUSIONS AND RECOMMENDATIONS TO THE GENERAL ASSEMBLY.

THE CPC WILL OPERATE ON A CONSENSUS BASIS. THEREFORE, ITS

RECOMMENDATIONS SHOULD BE A CLEAR INDICATION OF MEMBER STATES' INSTRUCTIONS TO THE SECRETARY GENERAL FOR THE FORMULATION OF HIS DRAFT BUDGET. THE CONSENSUS REQUIREMENT ASSURES THAT THE COMMITTEE'S DECISIONS WILL REFLECT AN AGREEMENT WHICH INCLUDES THE UNITED STATES AND OTHER MAJOR CONTRIBUTORS. THE CPC RECOMMENDATIONS WILL THEN GO THROUGH THE ADMINISTRATIVE AND BUDGETARY COMMITEE, ALSO KNOWN AS THE FIFTH COMMITTEE, TO THE GENERAL ASSEMBLY. WHILE THE GENERAL ASSEMBLY DOES NOT EMPLOY THE SAME DECISION PROCESS AS THE CPC, WE ARE CONFIDENT THAT CONSENSUS IN THE CPC WILL BE SUPPORTED BY ALL MEMBER STATES IN THE FIFTH COMMITTEE AND THE GENERAL ASSEMBLY.

AS A RESULT OF WHAT WE HAVE ACHIEVED, MEMBER STATES, THROUGH GOOD FAITH NEGOTIATION, WILL NOW ACT BY CONSENSUS ON IMPORTANT PROGRAM BUDGET ISSUES THAT PREVIOUSLY PROVED SO DIVISIVE. THIS IS FUNDAMENTAL, INDEED ABSOLUTELY ESSENTIAL, FOR THE LONG-TERM VIABILITY OF THE UNITED NATIONS. WERE THIS NEW PROCESS TO BREAK DOWN, THE BASIS FOR RENEWED CONFIDENCE IN THE ORGANIZATION, PARTICULARLY AMONG THE MAJOR CONTRIBUTORS, WOULD BE SHATTERED. WE WOULD FIND OURSELVES BACK WHERE WE STARTED, IN A SITUATION UNACCEPTABLE TO ALL AND DANGEROUS TO THE FUTURE OF THE UNITED NATIONS SYSTEM.

AS I MENTIONED EARLIER, MR. CHAIRMAN, THE REAL PROOF OF REFORM WILL BE IN THE IMPLEMENTATION. THAT IMPLEMENTATION WILL REQUIRE GOOD FAITH EFFORTS ON THE PART OF THE SECRETARIAT AND THE OTHER MEMBERS STATES. IT WILL ALSO REQUIRE RENEWED CONSISTENCY IN THE FINANCIAL SUPPORT PROVIDED TO THE ORGANIZATION, COMMENSURATE WITH THE RESULTS ACHIEVED THROUGH THE REFORMED PROGRAM BUDGETING PROCESS. AS WE MOVE THROUGH THAT PROCESS THIS YEAR, WE WILL KEEP YOU AND OTHER MEMBERS OF

THE COMMITTEE UP-TO-DATE ON THE IMPLEMENTATION OF THE REFORM PACKAGE.

MR. CHAIRMAN, WE BELIEVE THE AGREEMENT REACHED IN THE UNGA TO USE CONSENSUS IN DETERMINING THE UN BUDGET LEVEL AND PROGRAM PRIORITIES MORE THAN MEETS THE UNDERLYING INTENT OF THE KASSEBAUM-SOLOMON AMENDMENT FOR THE UN. THE REQUIREMENT FOR CONSENSUS ASSURES THAT THE VIEWS OF THE UNITED STATES AND OTHER MAJOR CONTRIBUTORS SHOULD NOW BE ADEQUATELY REFLECTED IN DECISIONS ON UN PROGRAM BUDGET ISSUES.

OUR EFFORTS TO ACHIEVE NECESSARY REFORMS FOCUSED ON THE UN SINCE THE SPECIALIZED AGENCIES HAVE NOT CAUSED FOR US BUDGETARY PROBLEMS TO THE SAME EXTENT AS THE CENTRAL UN. HOWEVER, THE KASSEBAUM-SOLOMON AMENDMENT APPLIED TO THE UN SPECIALIZED AGENCIES AS WELL. FOLLOWING THE LINES OF THE REFORMS ADOPTED BY THE UN, WE INTEND TO EXPLORE WITHIN EACH OF THE AGENCIES THE POSSIBILITY OF ESTABLISHING A CONSENSUS PROCEDURE FOR KEY PROGRAM BUDGET DECISIONS.

EACH OF THE AFFECTED AGENCIES HAS ITS OWN CHARTER OR CONSTITUTION INDEPENDENT OF THE UN. AS SUCH, EACH HAS ITS OWN PROGRAM BUDGET APPROVAL PROCESS AND A DIFFERENT TIME FRAME FOR THE MAJOR MEETINGS DECIDING ON ITS PROGRAM BUDGET. WE ARE NOW WORKING WITH THE INDIVIDUAL SECRETARIATS IN ANTICIPATION OF UPCOMING AGENCY MEETINGS WHICH CAN BEST ADDRESS THE REFORM ISSUES. WE BELIEVE THE PROSPECT FOR ADOPTION OF SIMILAR PROCEDURES IS VERY GOOD.

MR. CHAIRMAN, CRITICAL TO THE SUCCESSFUL IMPLEMENTATION OF THE REFORM EFFORT IS THE NEED TO RESTORE U.S. ASSESSED CONTRIBUTIONS TO THEIR PROPER LEVEL IN FY 1988. OUR REQUEST FOR THE UN AND THE SPECIALIZED AGENCIES WAS PREPARED PRIOR TO UNGA APPROVAL OF THE REFORM MEASURES AND REFLECTS A SIGNIFICANT SHORTFALL IN OUR CONTRIBUTION LEVELS. AS I INDICATED EARLIER, OUR AUTHORIZATION BILL INCLUDES A PROVISION TO AMEND THE KASSEBAUM-SOLOMON AMENDMENT TO TAKE ACCOUNT OF THESE REFORMS. THE AMENDMENT AUTHORIZES SUCH ADDITIONAL SUMS AS MAY BE NECESSARY TO RESTORE OUR CONTRIBUTIONS IN THE CONTEXT OF THE FY 1988 BUDGET. THESE MONIES WOULD BE RELEASED UPON PRESIDENTIAL CERTIFICATION THAT THE UN AND SPECIALIZED AGENCIES HAVE ADOPTED OR ARE MAKING SUBSTANTIAL PROGRESS IN ADOPTING, IMPROVED BUDGETARY DECISION-MAKING PROCEDURES AND ARE IMPLEMENTING THEM.

MR. CHAIRMAN, I HAVE ALREADY SPOKEN TO THE OVERALL POLICY CONSIDERATIONS FOR THE CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS APPROPRIATION AND THE NEED TO AUTHORIZE SUCH ADDITIONAL SUMS AS MAY BE NECESSARY TO ALLOW US TO MEET OUR COMMITMENTS AND RESPONSIBILITIES TO THE ORGANIZATIONS SO THAT WE CAN FOLLOW UP EFFECTIVELY ON THE SUCCESS WE GAINED IN THE UN REFORM NEGOTIATIONS. I WILL NOW TURN TO THE OTHER TWO APPROPRIATIONS INCLUDED IN THE IOC CHAPTER OF THE DEPARTMENT'S 1988-89 AUTHORIZATION BILL.

CONTRIBUTIONS FOR INTERNATIONAL PEACEKEEPING ACTIVITIES

THE APPROPRIATION FOR CONTRIBUTIONS FOR INTERNATIONAL PEACEKEEPING ACTIVITIES PROVIDES FUNDING FOR THE UNITED NATIONS PEACEKEEPING FORCES ON THE GOLAN HEIGHTS AND IN SOUTHERN LEBANON. THESE PEACEKEEPING FORCES, AT LEAST FOR THE PRESENT, ARE THOUGHT BY MOST CONCERNED PARTIES, INCLUDING SOME WHO ARE OTHERWISE HOSTILE, TO BE IMPORTANT TO PEACE AND STABILITY IN THE MIDDLE EAST. THE UNITED NATIONS DISENGAGEMENT OBSERVER FORCE (UNDOF), ESTABLISHED IN 1974, MONITORS THE DISENGAGEMENT AGREEMENT ON THE GOLAN HEIGHTS. UNIFIL, THE UNITED NATIONS INTERIM FORCE IN LEBANON, WAS ESTABLISHED IN 1978. ITS PURPOSE HAS BEEN TO AID, WHERE POSSIBLE, IN RESTORING THE AUTHORITY OF THE LEBANESE GOVERNMENT IN SOUTHERN LEBANON. ITS CONTINUING OBJECTIVE, SHARED WITH OTHERS, AND WITH U.S. POLICY GENERALLY, IS TO STABILIZE CONDITIONS IN THAT TROUBLED AREA. THE EXPENSES OF THESE FORCES ARE APPORTIONED BY THE UNITED NATIONS GENERAL ASSEMBLY IN ACCORDANCE WITH ARTICLE 17(2) OF THE CHARTER. OUR FISCAL YEAR 1988 REQUEST OF $30,000,000 WILL ENABLE US TO MEET OUR FULL COMMITMENT TO UNDOF AND ALLOW US TO MEET A PORTION, APPROXIMATELY HALF, OF OUR REQUIREMENT TO UNIFIL.

INTERNATIONAL CONFERENCES AND CONTINGENCIES

MR. CHAIRMAN, THE INTERNATIONAL CONFERENCES AND CONTINGENCIES APPROPRIATION PROVIDES FUNDING FOR:

-OFFICIAL U.S. PARTICIPATION IN MULTILATERAL INTERGOVERNMENTAL CONFERENCES;

-CONTRIBUTIONS FOR THE U.S. SHARE OF EXPENSES OF NEW OR PROVISIONAL INTERNATIONAL ORGANIZATIONS; AND

-PARTICIPATION OF U.S. CONGRESSIONAL GROUPS IN INTERPARLIAMENTARY UNIONS.

OUR FISCAL YEAR 1988 REQUEST IS FOR $6,000,000 IN NEW BUDGET AUTHORITY. INCLUDED IN OUR REQUEST IS $5,481,000 FOR conference participation, including the participation of U.S. Congressional Groups in Interparliamentary Unions, and $519,000 for contributions to new or provisional organizations.

INTERNATIONAL ORGANIZATIONS AND PROGRAMS
VOLUNTARY CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS

Mr. Chairman, I come before your committee today also to present the President's Fiscal Year 1988 Authorization request for the $194 million to fund U.S. voluntary contributions to development, humanitarian and scientific assistance programs of the United Nations and the Organization of American States. Since our contributions to this account are voluntary rather than assessed, we have always exercised a greater measure of control over the amounts allocated to them. The reforms achieved in the administration of the assessed UN budgets are not irrelevant to this discussion. The key question in both areas is the same - how do our expenditures promote interests and results reflecting the values of our people? If the reforms achieved in the assessed system are successfully implemented, we will be better able to answer that question throughout the whole international organizations system. The principles of cooperation and responsibility encouraged by the reformed program budgeting process will work against any tendency toward the erosion of quality in the voluntarily funded organizations.

Our request for International Organizations and Programs (IO&P) is markedly below the amount appropriated for FY 1987. The overall level reflects the continuing environment of

BUDGETARY CONSTRAINT. NONETHELESS, IT REPRESENTS A FOUR PERCENT INCREASE OVER OUR FY 1987 REQUEST. THIS INCREASE ARISES FROM OUR SENSITIVITY TO THE PRIORITY WHICH CONGRESS ATTACHES TO THE PROGRAMS IN THIS ACCOUNT, TEMPERED BY A REALISTIC ASSESSMENT OF WHAT THEY CAN ACHIEVE.

AT A TIME WHEN THE ADMINISTRATION AND THE CONGRESS ARE BOTH MAKING EVERY EFFORT TO REDUCE THE DEFICIT, WE MUST SEEK ONLY THE MINIMUM ESSENTIAL REQUIREMENTS TO SUPPORT OUR MULTILATERAL FOREIGN POLICY OBJECTIVES. THE U.S. CONTRIBUTIONS TO THESE ORGANIZATIONS MUST BE CONSIDERED IN RELATION TO ALL OTHER CLAIMS ON THE FEDERAL BUDGET. WHEN DOMESTIC PROGRAMS ARE SUBJECT TO SEVERE AND UNAVOIDABLE BUDGETARY STRINGENCIES, WE CANNOT ASK TO EXEMPT MULTILATERAL FOREIGN ASSISTANCE PROGRAMS.

DESPITE THIS SEVERE AUSTERITY, WE CONTINUE TO SEEK ACCOUNTABILITY AND EFFECTIVENESS IN THE PROGRAMS WHICH THIS ACCOUNT FUNDS. OUR EFFORTS HAVE YIELDED SOME SUCCESSES. ALLOW ME TO CITE A FEW EXAMPLES:

--THE INTERNATIONAL ATOMIC ENERGY AGENCY (IAEA) PLAYED A REMARKABLY USEFUL ROLE AFTER THE CHERNOBYL NUCLEAR DISASTER;

--THE UN CHILDREN'S FUND (UNICEF) HAS WORKED WITH ALACRITY IN COST-EFFECTIVE PROGRAMS TO DECREASE MORTALITY AND MORBIDITY RATES AFFECTING THE WORLD'S CHILDREN;

--THE STREAMLINED UNIDO INVESTMENT PROMOTION SERVICE AND THE NEWLY CREATED OFFICE OF PRIVATE SECTOR AFFAIRS IN THE UN DEVELOPMENT PROGRAM (UNDP) GIVE IMPORTANT RECOGNITION TO THE ROLE OF MARKET FORCES AND PRIVATE INITIATIVE IN DEVELOPMENT.

These examples help illustrate that the level of U.S. influence is not simply a function of the level of our contribution. It is often our ideas and expertise that lead to change and improvement in the organizations. It is U.S. policy to have more reliance placed on market forces and individuals, which are the real engines for development. During the last year, we have witnessed movement in this direction. The UN General Assembly adopted a resolution sponsored by the United States and a number of developed and developing countries calling on UN assistance agencies to encourage entrepreneurs and foster private initiative. More than twenty African countries, during the the UN General Assembly Special Session on Africa, openly acknowledged past overreliance on government-administered systems and made commitments toward a higher role for market forces, private initiative, and sounder policies.

Having highlighted those points, Mr. Chairman, I would now like to focus on the individual programs within the account.

The largest item in the account is a $90 million request for the United Nations Development Program (UNDP). Although this amount represents a decrease from our FY 1987 request, our request for UNDP remains the largest item in the account. One might ask, why is the request so low when a central and long-standing U.S. policy has been to strengthen the UNDP as the primary source of funding and overall coordinator for technical cooperation activities conducted by UN system agencies and programs? There is only one reason for the decreased request -- current fiscal reality demands it. The size of the UNDP item in the account has meant that UNDP has to

BEAR THE BRUNT OF THE CUTS REQUIRED. HOWEVER, WE CONTINUE TO BELIEVE UNDP PLAYS A SIGNIFICANT ROLE IN DEVELOPING NATIONS.

THE SECOND LARGEST ITEM IN OUR REQUEST IS $30 MILLION FOR THE UN CHILDREN'S FUND (UNICEF). THIS ITEM HAS ALSO BEEN REDUCED FROM OUR FY 1987 REQUEST. AS IS THE CASE WITH UNDP, THE SIZE OF THE UNICEF ITEM IN THE ACCOUNT MEANS THAT UNICEF HAS HAD TO SHARE IN THE REQUIRED REDUCTIONS, DESPITE THE POSITIVE IMPACT OF ITS PROGRAMS.

ONE OF THE NEW ITEMS IN THE REQUEST IS THE $26.6 MILLION FOR THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (IFAD). ALTHOUGH THE REQUESTED AMOUNT DOES NOT FULLY MEET OUR PLEDGE TO THE SECOND REPLENISHMENT, IFAD MANAGEMENT HAS INDICATED ITS WILLINGNESS TO STRETCH OUT OUR PAYMENTS IN RESPONSE TO OUR FY 1987 $10 MILLION PLEDGE TO THE IFAD SPECIAL PROGRAM FOR SUB-SAHARAN AFRICAN COUNTRIES AFFECTED BY DROUGHT AND DESERTIFICATION.

THE FOURTH LARGEST ITEM IN OUR REQUEST IS $22.3 MILLION FOR THE INTERNATIONAL ATOMIC ENERGY AGENCY (IAEA). THIS REQUEST REPRESENTS A 9 PERCENT INCREASE OVER OUR FY 1987 REQUEST. THE INCREASE UNDERSCORES U.S. INTERESTS IN NUCLEAR NONPROLIFERATION WHICH ARE DIRECTLY SERVED BY THE IAEA'S WORLDWIDE SAFEGUARDS PROGRAM. OUR ASSISTANCE TO BOTH THE SAFEGUARDS AND TECHNICAL COOPERATION PROGRAMS DIRECTLY STRENGTHENS THE COMMITMENT OF DEVELOPING COUNTRIES TO OUR NONPROLIFERATION GOALS. DIRECT SUPPORT IN THE FORM OF TECHNICAL COOPERATION FOR THOSE COUNTRIES THAT ARE NON-PROLIFERATION TREATY SIGNATORIES IS FUNDED THROUGH THIS ACCOUNT.

U.S. policy seeks to preserve and strengthen the effectiveness of the Organization of American States (OAS) as a forum for dealing with issues important in this hemisphere. OAS members look to the United States for support in what they consider to be their primary concern -- technical assistance for development. Our request of $14.25 million represents a two percent increase over our FY 1987 request. We believe it demonstrates the continued U.S. commitment to the Inter-American system and will influence the level of support which the U.S. can expect from other OAS members on issues of concern to us, including respect for human rights, fair trade, private investment, and narcotics control. In this regard, I would point out that the OAS adopted a major anti-narcotics Action Program at a special conference in Rio de Janeiro last April which was approved by the OAS General Assembly last November.

Our request for $4.8 million for the UN Environment Program (UNEP) is a decrease from our FY 1987 request. The decrease, however, does not signal displeasure with UNEP's programs since UNEP's activities generally closely parallel U.S. interests and complement efforts to improve our own environment. The request does, however, reinforce our position that other donors must contribute a greater share and that we would like to see more Americans employed by UNEP.

The World Meteorological Organization's (WMO) Voluntary Cooperation Program (VCP) enhances the capacity of developing countries to participate in the World Weather Watch. The participation of the developing countries directly benefits the U.S. because it enables the U.S. to obtain otherwise unavailable data that are necessary for our national weather

FORECASTING REQUIREMENTS. TO ASSIST IN FUNDING THIS PROGRAM, WE ARE SEEKING $2.0 MILLION FOR FY 1988.

THE REQUEST FOR $1.2 MILLION FOR INTERNATIONAL CONVENTION AND SCIENTIFIC ORGANIZATION CONTRIBUTIONS (ICSOC) IS RELATED TO THE U.S. WITHDRAWAL FROM UNESCO. WITH THE U.S. WITHDRAWAL, THE UNITED STATES NO LONGER CONTRIBUTES ITS SHARE OF COSTS FOR SOME SPECIFIC ACTIVITIES SUPPORTED DIRECTLY BY UNESCO WHICH SIGNIFICANTLY BENEFIT U.S. DOMESTIC INTERESTS. THE PROGRAMS PROPOSED FOR FUNDING UNDER THE RUBRIC "INTERNATIONAL CONVENTION AND SCIENTIFIC ORGANIZATION CONTRIBUTIONS" (ICSOC) PROTECT THE MORE IMPORTANT, DIRECT BENEFITS TO AMERICAN SCIENTIFIC, EDUCATIONAL, CULTURAL AND BUSINESS COMMUNITIES--BENEFITS WHICH FORMERLY WERE DERIVED THROUGH U.S. MEMBERSHIP IN UNESCO. ICSOC WILL FINANCE CONTINUED U.S. PARTICIPATION IN CRITICAL UNESCO ACTIVITIES SUCH AS THE UNIVERSAL COPYRIGHT CONVENTION, THE INTERGOVERNMENTAL OCEANOGRAPHIC COMMISSION AND THE MAN AND THE BIOSPHERE PROGRAM.

THE UNITED NATIONS CAPITAL DEVELOPMENT FUND (UNCDF) PROVIDES SEED CAPITAL, ON A GRANT BASIS, FOR SMALL DEVELOPMENT PROJECTS REQUIRING ONLY LOW TO MODERATE TECHNOLOGY. BECAUSE OF THEIR SIZE, THESE PROJECTS MIGHT NOT ATTRACT FINANCING BY MULTILATERAL DEVELOPMENT BANKS. OUR REQUEST OF $1.0 MILLION WILL ENABLE THE FUND TO CONTINUE TO ASSIST IN PROJECTS FINANCED JOINTLY WITH BILATERAL AGENCIES AND OTHER MULTILATERAL INSTITUTIONS.

THE REQUEST FOR $250 THOUSAND FOR THE UN TRUST FUND FOR SOUTH AFRICA IS A NEW ITEM. THIS IS IN ADDITION TO OUR $800 THOUSAND REQUEST FOR THE UN EDUCATIONAL AND TRAINING PROGRAM

FOR SOUTHERN AFRICA. TOGETHER, THEY PROVIDE TANGIBLE EVIDENCE OF A U.S. COMMITMENT TO PEACEFUL CHANGE IN SOUTHERN AFRICA AND A POSITIVE INDICATION OF OUR SUPPORT FOR THE FORCES OPPOSED TO APARTHEID.

OUR $500 THOUSAND REQUEST TO FUND THE UN INDUSTRIAL DEVELOPMENT ORGANIZATION (UNIDO) INVESTMENT PROMOTION SERVICE OFFICE IN WASHINGTON, D.C. REPRESENTS A 67 PERCENT INCREASE OVER OUR FY 1987 REQUEST. WE HAVE REQUESTED THIS INCREASE BECAUSE PROMOTION OF PRIVATE SECTOR DEVELOPMENT IS A MAJOR U.S. PRIORITY BOTH IN INTERNATIONAL ORGANIZATION AFFAIRS AND IN DEVELOPMENT ASSISTANCE. UNIDO'S INVESTMENT PROMOTION SERVICE REPRESENTS THE CLEAREST RECOGNITION WITHIN THE UN SYSTEM OF THE IMPORTANCE OF PRIVATE INVESTMENT CAPITAL IN THE DEVELOPMENT PROCESS. THE PROGRAM STIMULATES THE PRIVATE SECTOR IN DEVELOPING COUNTRIES, WHICH LEADS TO INCREASED MARKETS FOR U.S. GOODS AND SERVICES. IT ALSO DIRECTLY BENEFITS THE U.S. PRIVATE SECTOR BY ASSISTING REPRESENTATIVES FROM DEVELOPING COUNTRIES TO ESTABLISH CONTACTS IN U.S. INDUSTRY, THE FINANCIAL INSTITUTIONS, AND COMMERCIAL ASSOCIATIONS. I NOTE THAT ONLY THE UNITED STATES AMONG THE EIGHT COUNTRIES WHO HOST SIMILAR INVESTMENT PROMOTION OFFICES DOES NOT FULLY FUND THOSE ENTITIES. A CONTRIBUTION OF $500 THOUSAND TO THE WASHINGTON INVESTMENT PROMOTION OFFICE WOULD, FOR THE FIRST TIME, FULLY FUND THE CORE ACTIVITIES OF THE OFFICE. THIS WOULD PROVIDE THE UNITED STATES WITH AN UNPRECEDENTED OPPORTUNITY TO SHAPE THE FUTURE DIRECTION OF THE OFFICE.

IN 1988, THE CONVENTION ON INTERNATIONAL TRADE IN ENDANGERED SPECIES (CITES) WILL CONTINUE ITS ROLE AS A MAJOR CONTRIBUTOR TO INTERNATIONAL CONSERVATION AND THE PRIMARY

INTERNATIONAL MECHANISM GOVERNING INTERNATIONAL TRADE IN WILDLIFE. CITES WILL CONTINUE WORK ON MAJOR PROJECTS SUCH AS THE INVESTIGATION OF LEGAL AND ILLEGAL TRADE IN KEY SPECIES. OUR REQUEST INCLUDES $200 THOUSAND FOR CITES.

WE HAVE ALSO INCLUDED A REQUEST FOR THE UN VOLUNTARY FUND FOR VICTIMS OF TORTURE. OUR CONTRIBUTION TO THE FUND IS IMPORTANT TO OUR MULTILATERAL HUMAN RIGHTS OBJECTIVES IN THE UN HUMAN RIGHTS COMMISSION AND SUPPLEMENTS U.S. BILATERAL HUMAN RIGHTS EFFORTS. A U.S. CONTRIBUTION OF $100 THOUSAND WILL HELP THE FUND EXPAND ITS OPERATIONS FROM ITS PRESENT PURELY MEDICAL AND PSYCHOLOGICAL CONCENTRATION TO INCLUDE SOME SOCIAL SERVICES TO TORTURE VICTIMS AND TO THEIR FAMILIES.

MR. CHAIRMAN, THAT CONCLUDES MY STATEMENT. I WILL BE HAPPY TO ANSWER ANY QUESTIONS YOU AND OTHER MEMBERS OF THE COMMITTEE MAY HAVE REGARDING OUR AUTHORIZATION REQUESTS FOR ASSESSED AND VOLUNTARY CONTRIBUTIONS.

PREPARED STATEMENT OF RONALD I. SPIERS

I welcome the opportunity to meet once again with this Committee. Over the last few weeks, much of our nation's attention has been focused on the unfolding stories of espionage, electronic bugging, and allegations of treason in our Embassy in Moscow and our Consulate General in Leningrad. These are serious and chilling charges. Unfortunately, neither the facts nor the solutions can be easily summarized in banner headlines. The facts are often overshadowed by the atmospherics. We are committed to providing the highest degree of physical and technical security possible. At the same time, we have to keep in mind that security is not an end in itself. It is a tool which enhances our ability to pursue the interests of the United States abroad.

We are deeply concerned about what has happened in Moscow and in Leningrad. Frankly, it is almost beyond belief that Marine Security Guards could do what they allegedly did in Moscow. The U.S. has relied on the integrity of the Marine Security Guard system for almost 40 years. The program has a proud history. We never considered that we needed guards to guard the guards. But several of these guards now stand charged with espionage. Treason cannot be justified or rationalized by a harsh or isolated environment, or by youth, or by the quality of supervision. We had clear rules restricting fraternization in Eastern European countries; sexual entrapment is an age-old staple of intelligence services. The Marines in Moscow understood this, but some of them knowingly violated the rules.

We cannot absolve the State Department or any other agency of responsibility. All concerned agencies, and especially the State Department, must look within to see where our policies, procedures, and/or personnel have failed us. With the help of Anne Armstrong of the President's Foreign Intelligence Advisory Board, former Secretary of Defense Mel Laird, Ambassador Bill Brown and others, we are investigating the security breaches, assessing the damage we've suffered, and determining how we can prevent future recurrences in Moscow and elsewhere.

I do not believe, however, that what happened in Moscow can be taken as an across-the-board condemnation of the security policies of Embassy Moscow, of the Department of State, or of this Administration. The fact of the matter is that this Administration -- and particularly the Secretary of State -- has taken the lead in correcting many of the long-neglected physical and technical security problems at our overseas missions. The Department of State has taken the lead in pursuing a wide range of security initiatives over the past several years at all overseas posts -- and in Moscow in particular.

In early 1984, we concluded that we needed a major new program to cope with contemporary security challenges. For this reason, we recommended that the Secretary establish a panel of experienced outsiders to examine the entire range of security threats -- both physical and counterintelligence -- against our overseas posts. We recommended that Admiral Bobby Inman head the panel. We knew that any comprehensive security program recommended by such a panel would require a tremendous amount of additional resources, but felt that the time had come to lay out for the Congress and for the American public a security program which they could accept or reject. The Secretary approved our plan without hesitation.

The Inman Panel made its report to the Secretary in mid-1985, and, within weeks, we had put together a five-year, $4.4 billion program to implement most of the Panel's 91 recommendations. At the same time:

-- We established a new bureau in the Department devoted exclusively to security. If the Committee wishes, I will submit a detailed description of the organization and functions of the Bureau of Diplomatic Security for the record.

-- We set up recruitment and training programs for a new, expanded generation of security officers. Our security specialist corps has grown from 572 in 1985 to 675 in 1986 to 1,017 by end of FY87.

-- We took steps to change the Foreign Service culture to increase the security sensitivity of our colleagues, many of whom felt security contradicted the traditional mission of the State Department, i.e., to get out and make contacts and penetrate other cultures and societies. To make the point dramatically, the Secretary in September of 1984 began daily morning meetings on security. This communicated his priorities throughout the Service.

-- We collaborated effectively with our sister agencies in the intelligence community to understand and develop effective countermeasures to foil electronic threats to the integrity of our information and communications systems.

-- We reorganized our Office of Foreign Buildings to bring it into the modern age, staffed and equipped to cope with a massive new security construction program, and utilizing private-sector expertise. They are now managing 62 construction projects, most of which are on schedule and within budget.

We had the full support of the Secretary of State at every step of the way. The Inman Report succeeded in giving a "jump start" to what I believe will turn out to be an effective security program. After a lengthy series of Congressional hearings, we received Congressional authorization last fall for a $2.1 billion security construction program. However, as you know, the funds appropriated so far have fallen far short of the amounts requested. (A total of $2.7 billion was requested while only 622 million was appropriated to implement Inman Panel recommendations). We got the first dollar on August 12, 1986 -- and most of the initial $39 million did not materialize until the end of October.

Our security efforts have addressed two main and interrelated concerns: (1) improving the physical security at our posts abroad against mob violence, terrorist attacks, and unauthorized intrusion, and (2) protecting the technical security of those posts and of our communications network.

Let me say a few words about the specific problems in Moscow.

First, the Marines. I mentioned how the Marines have earned our trust over the past 40 years. They are truly considered a part of the Foreign Service family overseas. We should not permit several bad apples ruin this record of service and trust. The Marines in question violated a clearly stated rule against fraternization. When we discovered these violations, we moved swiftly to remove the offenders. What we failed to do, however, was to investigate immediately whether the fraternization violations had led to more serious violations, such as treason. When one Marine turned himself in for having collaborated with the KGB, we then immediately launched an aggressive investigation which has led to further espionage charges against other Marine Security Guards.

What about the question of culpability or security laxness on the part of Embassy management?

The Ambassador is ultimately responsible for what takes place in his mission. However, rules of reason must also be applied. There is a chain of command. Everyone in the chain of command must be vigilant to guard against breaches of security. If the Marine sergeant in charge of the detachment was aware of fraternization and did not act to stop it or report it to the RSO, he is culpable. The same is true of the RSO and up the line to the Ambassador. There is no evidence to suggest that any of this is the case, but investigations are proceeding. I do not agree with those who charge Amb. Hartman as lax in his approach to security.

We do not know what damage was done as a result of these events in Moscow and Leningrad. However, we have to assume the worst. Accordingly, we will be spending substantial time and money to replace the potentially compromised facilities in Moscow and Leningrad. We have also broadened our investigations to include other missions in Eastern Europe.

We will be strengthening policies to prevent the recurrence of these security breaches in other high-technical-threat posts. In my view, substantially shorter tours of duty for Marine Security Guards would reduce their window of vulnerability to hostile intelligence services. We are working closely with the Marine Corps to improve the program. We had already planned to install alarm systems which record intrusions/events and which cannot be bypassed. This will be accelerated. We will use polygraphs as an investigative tool in cases of fraternization. We will reaffirm the role of the chief of mission as the commander-in-chief of the Marine Security Guard detachment. Other approaches will no doubt be examined in the course of the other investigations I have mentioned.

When the problem of Moscow Foreign Service Nationals and their KGB connections was raised as a policy issue several years ago, the Department of State thoroughly examined the idea of replacing the Soviet support personnel in Moscow with Americans. There were strong arguments on both sides of the issue. This was an issue on which reasonable people could disagree. After weighing these arguments, the Secretary decided to proceed with a phased substitution program. Ambassador Hartman himself proposed such a program in April 1985, and it commenced the next month. Before it was put fully into effect, however, the Soviets preempted it by withdrawing all Soviet support staff last October. It is ironic, and perhaps revealing, that many in Washington predicted that the Soviets would never withdraw the support staff because the KGB was too dependent on them for intelligence entree.

A few words are necessary about the building project in Moscow. You are aware of our discoveries over a period of years about the sophisticated and carefully designed intelligence system the Soviets have built into our new chancery. State Department security officers, working with other agency experts, are leading an all-out effort to examine countermeasures to thwart the Soviet penetrations of our chancery. The Soviets were able to mount this attack in part because we allowed them, pursuant to an agreement concluded 15 years ago, to prefabricate the concrete beams for the structure offsite and away from U.S. supervision. We will cope with this Soviet technical attack even if it means dismantling the $23-million-dollar structural shell. (The press has incorrectly reported that we will lose an $190-million investment if we tear down the chancery. In fact, the $190-million Moscow project actually consists of eight buildings, only one of which is the chancery, which would house sensitive activity. The other seven buildings are already occupied.) Furthermore, we are submitting to arbitration the costs we've incurred identifying and correcting the Soviet technical attack. If we can make the building secure without demolition, we think we can complete construction in Moscow with the unspent funds remaining in the $190 million already appropriated for the project by the Congress.

At our recommendation, Secretary Shultz asked former Secretary of Defense and CIA Director Schlesinger to examine all of the information we have gathered on the Moscow chancery problem in all its aspects and make recommendations as to how to deal with it. We expect his report shortly.

I have outlined briefly some of our security efforts. With your permission, I would be happy to provide a more detailed chronology for the record.

Mr. Chairman, we in the Department of State take our responsibilities for the security of U.S. diplomatic installations abroad very seriously. Our efforts over the last several years, as well as our approach to what has happened in Moscow and Leningrad demonstrate this. Security is, however, important because it allows us to carry out our primary mission abroad -- the pursuit and defense of the interests of the United States.

With me today are Assistant Secretary for Diplomatic Security Bob Lamb, Director of the Office of Foreign Missions Jim Nolan, and Director of the Office of Foreign Buildings Dick Dertadian. We would welcome any questions you might have.

LETTER FROM RONALD I. SPIERS

UNDER SECRETARY OF STATE
FOR MANAGEMENT
WASHINGTON

May 11, 1987

Dear Senator Helms:

This letter is in response to the questions you raised in hearings on April 30 concerning the State Department's review of recent incidents at the American Embassy in Moscow. As I stated at the time, the Assessment Review Panel for United States Missions in the Soviet Union, headed by former Secretary of Defense Melvin Laird, is looking into the circumstances surrounding security breaches at our Embassy and Consulate in the Soviet Union.

The Laird Panel's mandate is to make recommendations that will provide better security procedures and systems at our diplomatic missions in the USSR. If, in the course of the Panel's assessment, individual breaches of duty are discovered, the charter provides that such findings will be referred to appropriate authorities for further investigation and will be included in its final report. The Panel is now vigorously undertaking all aspects of its charter, a copy of which is attached. As Mr. Laird reemphasized in the open meeting of the Panel on May 6, the Panel will include in its report any instances where individuals or agencies are found not to have performed adequately.

The Laird Panel was established under the Federal Advisory Committee Act because it seemed the most appropriate way to achieve recommendations on how to accomplish the goal of better diplomatic security, including, of course, improved protection of classified information at our missions. You asked why an Accountability Review Board was not established under the Omnibus Diplomatic Security and Antiterrorism Act of 1986, P.L. 99-399. We decided to employ the Advisory Committee Act instead because the security breaches in Moscow do not appear to meet the statutory criteria for convening an Accountability Review Board under the Omnibus Act. We wished to establish a panel that had unquestioned legal authority to get to the bottom of the security situation in the Soviet Union. We did not want to have the Panel stymied by legal challenges calling into question its existence, authorities and funding.

The Omnibus Act provides, in Title III, for the convening of an Accountability Review Board "In any case of serious injury, loss of life, or significant destruction of property at or related to a United States Government mission abroad . . . ." Both the language of Titles I - IV (which together comprise the "Diplomatic Security Act" within the overall Act) and the legislative history indicate that this provision is aimed at terrorist rather than counter-intelligence incidents. By its terms, for example, the title covers situations where the case to be investigated consists of a significant destruction of property rather than the destruction of property as a responsive action taken by the U.S. Government. See, e.g., section 304, which provides that the Board "shall examine the facts and circumstances surrounding the . . . significant destruction of property . . . ." While it might be argued that the security breaches in Moscow may ultimately lead to the need to destroy property that may have been compromised, that connection to the provisions of the Act would be tenuous. At this time, any destruction of property is hypothetical and, in any event, would not be the incident to be investigated.

You asked specifically about a member of the panel appointed by the CIA. The CIA was consulted in naming members of the Panel, and former CIA director Richard Helms was named to the Panel at the recommendation of Acting Director Robert Gates. The only resource not available to the Panel that would be available under the Omnibus Act is subpoena and related power over non-government employees. That power is not needed in this case, however, where virtually every person potentially subject to being called as a witness is an employee of the U.S. Government. The Secretary has instructed all Department of State personnel to cooperate fully with the Panel and has asked the heads of other relevant agencies to similarly instruct their employees. Moreover, given the possible challenges to the propriety of establishing the Panel under that Act, use of such subpoena power in this case could have been subject to legal challenge.

I would like to stress that the Laird Panel has the same independence and ability to make use of Executive Branch resources as would a Panel established under the Omnibus Diplomatic Security and Antiterrorism Act. All findings of the Panel will be referred to the State Department, and any other appropriate agency, as they would under the Omnibus Act, for further investigation and disciplinary action.

At the same time, an interagency group, headed by State Department counter-intelligence specialists, is interviewing non-military personnel currently or previously posted at our missions in the Soviet Union and other areas of high sensitivity. We have also recently reconfirmed our commitment to Judge Webster to refer to the FBI and the Department of Justice cases of possible violations of U.S. criminal statutes uncovered in our investigations.

I hope that this information answers the questions you put to me. If I can be of further assistance, please call on me.

Sincerely,

Ronald I. Spiers

Ronald I. Spiers

CHARTER OF ASSESSMENT REVIEW PANEL FOR UNITED STATES MISSIONS IN THE SOVIET UNION

I. PURPOSE

The Assessment Review Panel for the United States Missions in the Soviet Union (the Panel) shall investigate recent breaches of security in the operations of the United States Missions in the Soviet Union. The Panel shall report to the President and to the Secretary of State such findings and recommendations as it (the Panel) deems appropriate.

II. AUTHORITY

The Panel is established under the Federal Advisory Committee Act, 5 U.S.C. App., pursuant to the authority of the Secretary under 22 U.S.C. 2656, and other provisions of law.

III. ORGANIZATION

A. The Panel shall consist of four members. The Secretary shall designate the Chairperson of the Panel. The Secretary shall also designate an Executive Secretary, who shall be a full-time Department employee authorized to perform the functions required under the Federal Advisory Committee Act and to designate a substitute to perform these functions in the absence of the Executive Secretary. The Executive Secretary shall not be deemed a member of the Panel, and shall have no vote in its deliberations.

B. Members of the Panel who are Federal officers or employees shall receive no additional pay by reason of such membership. Members of the Panel who are not Federal officers or employees shall be appointed as consultants, and shall receive the maximum pay rate allowable under 5 U.S.C. 3109. In addition, travel expenses shall be allowed to members of the Panel as provided by law.

C. The Panel shall obtain facilities, services, and supplies fom the Department of State. All expenses of the Panel, including necessary costs of travel, shall be paid by the Department of State. At the request of the Panel, the Department of State may appoint experts or consultants in accordance with 5 U.S.C. 3109 or arrange for the assignment or detail of Federal employees to assist the Panel in carrying out its functions. It is estimated that the Panel will require three man-years and $500,000 support.

IV. FUNCTIONS AND REPORT

A. Investigation and Report--The Panel shall conduct a thorough investigation and review concerning recent security breaches in the operation of the United States Missons in the Soviet Union and shall submit a detailed written report to the President and to the Secretary of State within ninety (90) days from its first meeting.

B. Findings--The Panel shall make written findings in its report to include at least the following matters:

1) whether the security systems and security procedures were adequate;

2) whether the security systems and security procedures were properly implemented;

3) whether intelligence and information were available that could have forewarned of security problems; and

4) such other facts and circumstances which may be relevant to the appropriate security management of United States Missions in the Soviet Union.

C. Program Findings and Recommendations--The Panel shall submit its findings (which may be classified to the extent deemed necessary by the Panel) to the President and to the Secretary of State, together with recommendations, as appropriate, to improve the security and efficiency of any program or operation which the Panel has reviewed.

D. Personnel Findings and Recommendations--Whenever the Panel finds reasonable cause to believe that an individual has breached the individual's duty, the Panel shall transmit that finding, together with information relevant to the finding. Such findings and any ancillary recommendations will be included in the report to the President and to the Secretary of State. If the Panel desires, it may report interim personnel findings and recommendations to the Secretary of State.

E. Action on Reports--As soon as possible after the receipt of recommendations from the Panel, the Secretary will transmit a report to the Congress on such recommendations and the action taken with respect to them.

V. OPERATIONS

A. The Panel shall meet as required for the conduct of its functions. It is estimated that the Panel shall hold 20 meetings prior to submission of its report. Meetings shall be called by the Chairperson, with the concurrence of the Executive Secretary. There shall be no requirement for a quorum.

B. No meeting shall be held unless attended by the Executive Secretary or a designee. The Executive Secretary or designee, as required by the Federal Advisory Committee Act, shall concur in the agenda and shall have authority to adjourn meetings in the public interest.

C. The Chairperson or designee shall preside over meetings, approve the agenda, and certify the minutes.

D. The functions of the Panel shall be solely advisory.

E. Panel records shall consist of all papers and documents pertaining to the Panel's establishment and activities. These shall include its Charter, agendas, rosters, minutes or transcripts of proceedings, and all documents created or received by the Panel.

F. Upon the Panel's request, the Department shall make available all employees and other persons under its control to furnish testimony, documents or other information. The Department shall furnish documents from its records upon the request of the Panel. The Department shall seek to obtain similar cooperation from other agencies with the Panel's investigation.

VI. TERMINATION

The Panel shall terminate 30 days after submission of its report to the Secretary, unless the Secretary within that time requests that further proceedings be held by the Panel and specifies a new termination date. In no event shall the Panel continue in existence longer than two years from the date of the filing of this Charter, unless its charter is renewed or extended in accordance with the Federal Advisory Committee Act.

VII. PUBLIC NOTICE AND PARTICIPATION

A. Meetings of the Panel shall be announced in the Federal Register at least fifteen days prior to the meeting date, unless a shorter period for notice has been approved by the Director, Office of Management Operations.

B. The Federal Register notice shall give the hour, date and place of a meeting and a summary agenda of the scheduled proceedings.

C. Meetings of the Panel may be closed to the public only upon a formal determination by the Director, Office of Management Operations, that such closure is in the public interest, pursuant to Section 10(d) of the Federal Advisory Committee Act.

VIII. FILING

This Charter shall be considered approved by the Department of State as of this date and shall be considered filed as of the date when copies have been provided to the appropriate standing committees of the Senate and the House of Representatives having legislative jurisdiction over the Department of State and to the Library of Congress.

Approved: ______________________________
John C. Whitehead
Acting Secretary of State

Date: 4/17/87

JOINT LETTER FROM SENATORS BOREN AND COHEN

April 29, 1987

The Honorable Claiborne Pell
The Honorable Jesse Helms
The Honorable John C. Stennis
The Honorable Mark O. Hatfield
United States Senate
Washington, D.C. 20510

Dear Senators Pell, Helms, Stennis and Hatfield:

Consistent with our oversight responsibility, and pursuant to a request by the Senate Foreign Relations Committee, transmitted herewith is a report prepared by the Senate Select Committee on Intelligence regarding security at the United States missions in Moscow and other areas of high counterintelligence risk. The report provides a general analysis of the problem, the history of Congressional work, and the summary of the relevant budget issues.

The report also includes a set of recommendations to enhance security at United States embassies overseas. Included is a recommendation that, to ensure continuing, comprehensive oversight by the Congress, a task force should be established among the Appropriations Committee, the Foreign Relations Committee, and the Intelligence Committee. Accordingly, we would ask that your Committee give this proposal full consideration.

As you know, we believe that the question of security at our embassies overseas is a problem of utmost importance. We look forward to working with you on this vital matter.

Sincerely,

David L. Boren
Chairman

William S. Cohen
Vice Chairman

REPORT OF THE SENATE SELECT COMMITTEE ON INTELLIGENCE ON SECURITY AT THE UNITED STATES MISSIONS IN MOSCOW AND OTHER AREAS OF HIGH RISK

I. INTRODUCTION

Since its inception, the Select Committee on Intelligence has accorded a high priority to security programs designed to combat the foreign espionage threat against the United States. The Committee has recommended a number of initiatives over the years, primarily in four areas: (1) improving the effectiveness of counterintelligence and security programs through budget authorization and oversight hearings; (2) reducing the hostile foreign intelligence presence in the United States; (3) providing a comprehensive, analytical overview of the entire national counterintelligence and security effort; and (4) improving what the Committee identified three years ago as a seriously deficient security situation at the U.S. Embassy in Moscow.

BUDGET AUTHORIZATION AND OVERSIGHT

The Committee has believed for some time that those charged with carrying out security programs for the national security and intelligence communities have received neither the resources adequate to fulfill their responsibilities nor the necessary recognition for their missions. Resource constraints and inadequate staffing limited the effectiveness of many counterintelligence and security programs. In an attempt to address this problem, this Committee has provided increased funding and manpower. In response to the Committee's urging and with authorizations for counterintelligence programs, the Federal Bureau of Investigation, the Department of Defense, and the CIA have improved counterintelligence programs and career opportunities. Between FY 1980 and FY 1985, over 2,200 new counterintelligence positions were created. The Committee also authorized, and Congress approved, additional funds to strengthen the FBI's technical surveillance and data processing capabilities.

The Committee has urged counterintelligence analysts to recognize that the threat goes beyond the traditional use of human agents and includes collection denial and possible deception aimed at U.S. technical systems.

Beginning in the early 1980's, the Committee supported for the institution of a comprehensive, interagency counterintelligence policy to better coordinate countermeasures against hostile intelligence initiatives. In 1982, the Directors of the CIA and FBI instituted measures to tighten cooperation in counterintelligence.

In 1985-86, the Director of Central Intelligence created new positions for a National Intelligence Officer and small inter-agency analytic staff to assess hostile deception efforts. The CIA's Directorate for Intelligence also established a unit to analyze the activities of foreign intelligence services engaged in hostile actions against the United States. These two initiatives have contributed to an expansion of Executive branch multidisciplinary counterintelligence analysis and a heightened sensitivity to the implications of major security breaches for intelligence analysis of the Soviet Union.

THE HOSTILE FOREIGN INTELLIGENCE PRESENCE

The Committee has been increasingly concerned about the growing number of Soviets posted in the United States for purposes of espionage. The Committe has consistently recommended reciprocity of treatment and equivalence in the size of the Soviet-bloc official presence here and the U.S. official presence in the Soviet Union and Eastern Europe.

In response to restrictions placed on U.S. diplomatic personnel posted in Soviet-bloc countries, and in an attempt to keep closer track of bloc personnel serving in this country, the Congress in 1982 passed the Foreign Missions Act. The Act created the Office of Foreign Missions in the State Department, which was empowered to impose restrictions and conditions upon certain foreign embassies here comparable to those imposed on counterpart U.S. embassies. This legislation also provided for certain restrictions to be placed on travel in the United States by Soviet and other diplomats, and required that diplomats' cars carry distinct license plates, thereby enabling the FBI's counterintelligence units to monitor more easily any suspect activities.

The 1985 Committee report, Soviet Presence in the U.N. Secretariat, outlined several serious aspects of Soviet espionage activities in the United States. A review of bilateral equivalence resulted in the requirement, contained in the FY 1986 Intelligence Authorization Act, that the President provide the House and Senate Intelligence Committees, the Senate Foreign Relations Committee, and the House Foreign Affairs Committee with annual reports of any disparities between the size of U.S. overseas missions and the size and treatment accorded corresponding missions from other countries in the United States.

Committee Members introduced legislation to mandate equivalency in the size of the Soviet and U.S. diplomatic missions to the United Nations and in the size of the Soviet embassy and consular staffs here and those of the United States in the Soviet Union. As a consequence of the Leahy-Cohen amendments of 1985 and 1986, the United States moved toward essential equivalence with the Soviet Union in its diplomatic and consular presence, and the Soviet Union was compelled to reduce sharply the size of its U.N. mission and its diplomatic and consular presence in the United States. By relying on the FBI to designate the specific individuals that had to leave, the U.S. Government was able to impair the large KGB presence in New York.

COUNTERINTELLIGENCE REPORT

In 1986, the Committee published a detailed report, Meeting the Espionage Challenge: A Review of United States Counterintelligence and Security Programs, in an effort to stimulate improvement in the protection of sensitive information from the threat of foreign acquisition. The study was written in close cooperation with the National Security Council Staff and the Intelligence Community Staff, which were reviewing the same subject for the White House. The final document contained over a hundred specific findings and recommendations. The White House set forth dozens of new security initiatives in its own classified report on counterintelligence and many proposals that had languished in the bureaucracy were elevated to the policy level for consideration and adoption.

MOSCOW EMBASSY

Among other things, Meeting the Espionage Challenge described the Committee's long-standing concern for the security of the U.S. Embassy in Moscow against the hostile intelligence assault of the KGB.

In June, 1985, a FBI counterintelligence expert detailed in testimony before the Committee the espionage opportunities enjoyed by the Soviets because of United States employment of over 200 Soviet nationals in support positions at the Moscow Embassy, and the corresponding disadvantage suffered by U.S. counterintelligence due to the Soviet practice of employing only their own citizens in comparable support positions at their diplomatic missions in the United States. At this hearing, witnesses also testified the 1984 discovery that typewriters at the Moscow embassy had been bugged with sophisticated electronic transmitting devices which gave the Soviets access to embassy communications.

In 1985, the Committee received its first testimony indicating that there was strong evidence that the Soviets had succeeded in incorporating a complex and comprehensive electronic surveillance system into the structure of the new U.S. Embassy under construction in Moscow, even though the Intelligence Community had been in possession of indications of such penetration since 1982.

In recognition of the need for immediate improvements, the Committee voted to authorize a $50 million supplemental appropriation in FY 1985 for security countermeasures at U.S. overseas missions. The Department of State objected to the provision which directed the administration of these funds by the CIA. As finally enacted by the Congress, the appropriation was trimmed to $35 million and the Department of State was named as one of the agencies to which the money was to be allocated. The State Department, working with intelligence experts, used some of this appropriation to establish more secure procurement, storage, transport, installation, and repair of typewriters and other equipment used in the Moscow embassy and other diplomatic missions abroad.

In December 1985 and October 1986 staff delegations went to Moscow to see the situation first- hand. After inspecting both the old and new embassy buildings and conducting extensive interviews with embassy personnel, the staff produced two reports that detailed a still grim picture of small improvements and large remaining vulnerabilities.

Parallel initiatives in the Senate have contributed to an increasing awareness of counterintelligence and security problems. In 1985 and 1986, Senator Chiles highlighted construction problems with the new embassy in Moscow. As a result, Congress mandated a structural evaluation of the new chancery by the National Bureau of Standards. The Senate Appropriations and Foreign Relations Committees have sent delegations to Moscow to inspect the old and new facilities. In 1986, at the request of the Foreign Relations Committee, the General Accounting Office prepared a report on security at U.S. Embassies overseas. Congress also passed the Omnibus Diplomatic Security and Antiterrorism Act to fund over five years a $2.4 billion program to strengthen security at U.S. overseas diplomatic posts, as well as an appropriation for the first two years of the program.

II. SECURITY PROBLEMS AT THE U.S. EMBASSY BUILDINGS

THE CURRENT EMBASSY COMPLEX

Committee staff members who visited the Embassy complex in December 1985 and October 1986 noted a number of significant security weaknesses, despite upgrades that had been introduced over the last two years.

In 1985, the Committee found that "secure" areas were equipped with an obsolescent alarm system similar to those used in apartment buildings in the United States. An improved alarm system, which had not yet been installed, had been stored in nonsecure space. Both the old and the new alarms were dependent upon the attentiveness and reliability of a single Marine Guard manning the main guard post in the secure area. Committee staff also noted that the Marine Guard Detachment did not have especially high morale at this post.

Security awareness was seriously deficient in 1985, with secure areas susceptible to access by unauthorized persons during working hours. Alarm systems were frequently shut off, and sometimes the doors to secure areas were left open. Such frequent incidents of apparent false alarms had bred a lack of urgency, moreover, in responding to those alarms when they sounded after working hours. By late 1986, new locks and alarms had been installed, and the State Department's Regional Security Officer had begun to make a real effort to improve security awareness, but the problem of apparent false alarms persisted.

Soviet sophistication in technical penetration operations and the uncertain physical security at the embassy prompted concern in 1985 regarding the designated sensitive areas of the embassy and communications. By 1986, some of these issues had been addressed. The Embassy improved adherence to proper security practices regarding equipment coming into the embassy in the wake of the 1984 discovery of Soviet bugging of embassy typewriters. Still, the Embassy continued to conduct some of its activities in nonsecure areas. For example security at a warehouse where equipment was stored was, at best, a continuing challenge.

The impression of improving, if still imperfect, security was shattered in December 1986 when a Marine Guard, SGT Clayton Lonetree, revealed that he had helped the KGB obtain access to classified Embassy materials. The subsequent, well-publicized investigation has implicated other Marines and has included allegations that Soviet operatives were permitted extended physical access to the Embassy. This investigation continues and includes the interrogation of Marine Guards and embassy personnel, as well as further inspection of Embassy facilities and equipment.

A worst-case assessment of the Moscow embassy situation is based upon the assumption that Soviet operatives were given repeated access, for hours at a time, to the most sensitive areas of the embassy. Given such access, one must assume that the Soviets had sufficient time to penetrate the locks and alarms on those access points. Thus, embassy communications equipment and all embassy documents must be presumed to have been compromised.

The Marine Guard affair has highlighted several security shortcomings at the U.S. Embassy. Questions have been raised regarding the selection criteria, training, and day-to-day supervision of those guards by both Marine and State Department personnel. The long tours, under rules preventing social contact with locals, have proved a serious flaw. The lack of polygraphs at the end of tours and of counterintelligence investigations when personnel were relieved for infractions of the rules has meant that there has been no formal system to detect security compromises.

The existence of an alarm system that relied upon persons other than the Marines for its implementation and analysis meant that a single failure point was permitted for the whole security system of the embassy. By compromising just two guards, the Soviets were able to expose the entire U.S. embassy for penetration and exploitation. The final section of this report includes several recommendations that follow from this litany of shortcomings.

THE NEW EMBASSY COMPLEX

In 1979, after two decades of negotiations, the United States broke ground on the site of its new Moscow Embassy complex. By 1985 the residential and recreational buildings on the compound had been completed and occupied. The chancery was partially complete with the walls, floors, and roof in place but most of the mechanical, electrical and interior work still to come. About $23 million of the $65 million budgeted for the chancery had been expended. Meanwhile, the Soviet Union had completed construction of its complex in Washington and Embassy personnel had moved into the residential quarters on Mt. Alto. It was clear from the start that the technical countermeasures challenge would be a difficult one. The Soviets had a well-known record of technical penetrations of U.S. and other Western diplomatic facilities. Therefore, a program of technical countermeasures intended to detect any Soviet listening devices that might be implanted in or directed against the new embassy was initiated. At the time, U.S. intelligence agencies believed they could neutralize any bugs they might find.

Unlike the Soviets, however, the United States did not employ a systematic, stringent security program to detect and prevent Soviet technical penetration efforts. Some points of contrast between Soviet and American practices at their respective construction sites included the following:

- The Soviets changed their blueprints without warning during the architectural bidding process and generally identified nothing more specific than "office area" in their design plans. U.S. blueprints identified virtually all office spaces by name, thus making clear to the Soviets which were sensitive areas.

- The Soviets used only concrete poured on site. The United States used precast components, all of which were fabricated by the Soviets off-site, with no U.S. supervision.

- The Soviets inspected all materials on site before allowing their use in construction, frequently calling off construction if there were questions. The United States has a less exacting inspection system and was not willing to put security ahead of maintaining the pace of construction.

- The Soviets used about 30 personnel, to supervise an average daily work force of 100 Americans. The United States used 20-30 Navy Seabees to watch 600-800 Soviet laborers.

- The Soviets required detailed adherence to a preset daily work schedule and strictly enforced a badge identification system for American workers. The United States had no effective system for this.

- The Soviets maintained tight perimeter security and used multiple video surveillance cameras both inside and outside the buildings under construction. The United States installed perimeter sensors and closed circuit TV to monitor construction, but these systems were quickly disabled due to various "mishaps."

- The U.S. contractor employed, as a design engineer, a Soviet emigre who returned to the Soviet Union shortly after the project was completed. Subsequent investigations to determine whether he may have been working for the KGB have proved inconclusive.

By and large, U.S. countermeasures against Soviet technical penetration had to be directed against a huge prefabricated structure already in place. Despite indications as early as 1982 of extensive Soviet bugging of the structure, Soviet workers were not removed from the site, nor was work halted until the Summer of 1985.

At this point the U.S. inspection effort began in earnest. Technical counterintelligence teams, assuming some bugs were active, worked around the clock in silence, often in the dark because of power failures, and in the cold because the building was unfinished and often unheated.

Despite the impressive technical ingenuity and dedication of those who managed and implemented this countermeasures program, they were unable to prevent a truly massive Soviet program to embed electronic surveillance devices throughout the embassy building structure. In short, the building is extensively and cleverly penetrated. While the details of this system remain classified, it is clearly sophisticated and will be extremely difficult, if not impossible, to counter fully.

From the outset, the KGB viewed the construction of the new U.S. Embassy as an extraordinary espionage opportunity. There is a well-documented, even spectacular, record of prior Soviet technical penetrations of U.S. facilities in the Soviet Union as well as of those of other Western powers. In the case of the new U.S. Embassy, the Soviets planned and mounted the most massive, sophisticated, and skillfully executed bugging operation in history.

The Soviets apparently manipulated the protracted bilateral negotiations preceding the agreement to start construction in order to secure optimal conditions for a thorough technical attack -- and to ensure the security of its own new Embassy site in Washington. The KGB apparently created an elaborate bureaucratic infrastructure to conceive, develop and implement a penetration program that would take full advantage of the opportunity. The program planners probably drew from a large reservoir of technical expertise both inside Soviet Intelligence and in other sectors of the Soviet bureaucracy to bring to bear their best technology available at the time.

The Soviets have demonstrated the lengths to which they will go in diplomatic positioning, operational planning and resource allocation to compromise a U.S. diplomatic facility built in their own backyard. The new Embassy stands as a warning and object lesson to be heeded in planning remedial measures in Moscow and new Embassy construction elsewhere in the Soviet bloc.

Meanwhile, the National Bureau of Standards has completed a Congressionally-mandated assessment of the structural integrity and quality of the new Embassy building. After reviewing the design specifications and inspecting the site, NBS concluded that the "structural materials and components used in the Office Building are generally of good quality. However, important deficiencies exist in the structure that must be corrected for adequate safety before the building is occupied." NBS concludes that if the embassy were located in Washington, DC, it would take $1,464,000 to effect the necessary repairs, which could be completed in less than a year. NBS does not attempt to estimate costs and time required in Moscow. None of these estimates concern the security-related problems noted above.

CURRENT PERSPECTIVES ON THE SITUATION

On April 22-23, 1987, the Intelligence Committee held three closed hearings to consider the problem of security at the U.S. Embassy in Moscow and worldwide. Witnesses included the Undersecretary of State for Management, the Assistant Secretary of State for Diplomatic Security, the Deputy Assistant Secretary of State for Foreign Buildings, the recently-retired U.S. Ambassador to the Soviet Union, the chairman of the Secretary of State's Advisory Panel on Overseas Security (1984-1985), and appropriate officials of the U.S. Intelligence Community.

The Committee heard testimony that the Marine Guard compromises, taken with previously existing security and structural problems in the current embassy building, will require many millions of dollars to repair. The Department of State has already asked for some of those funds, and more are likely to be needed over the next 2-3 years.

Testimony presented to the Committee also indicated that it will be difficult even to state how Soviet technical penetration of the new chancery building might be successfully combated, let alone to actually effect such a program of neutralization. Although several Executive branch agencies and special boards are considering possible steps of this sort, witnesses indicated a clear lack of confidence that any measure could guarantee a secure chancery building in which sensitive conversations and communications would be truly protected.

The Committee heard further testimony regarding the basic flaws in State Department security organization and practices. One expert witness made a strong plea for the budgetary protection of State Department technical security programs from competition from other State Department programs. A State Department official conceded that the Department had attempted, earlier in this fiscal year, to reprogram funds out of technical security. Congressional opposition had prevented that debilitating action from being effected. It was also noted that the Bureau of Diplomatic Security has a difficult time recruiting and retaining expert technical personnel, due to the rigidity of a Foreign Service personnel system that is designed for categories of employees other than the sort that are needed for technical security functions.

At the end of its series of hearings, the question of whether the organization of the State Department for handling questions of security should be revised was discussed. A State Department official acknowledged that security functions in the Department are divided among three offices at varying levels within the Department, all of which must report through the Undersecretary in order to reach the Secretary. It was agreed that the security functions in the three offices be combined. A proposal based upon this idea is incorporated in the recommendations of this report.

III. DIPLOMATIC SECURITY AUTHORIZATION

FY'88 is the third year of the State Department's five year program to implement the recommendations of the Secretary's Advisory Panel (Inman Report) on embassy security. Expenditures in the first two years focused on physical security measures intended to harden U.S. diplomatic facilities against terrorist or mob attacks. The FY'88 authorization request, however, focuses on technical security against the hostile intelligence threat. Recent events in Moscow certainly suggest this emphasis is appropriate, if not overdue.

The FY'88 request includes $104 million in new monies for technical security. The major categories of expenditure are as follows:

o Support for positions and programs already in place plus increased costs due to currency fluctuations and inflation	$30M
o Program increases for:	
-- Construction security including guards and other measures to protect construction sites	$25M

-- Technical security in new diplomatic facilities including protection against technical penetration attempts, the replacement of foreign nationals by U.S. citizens as computer operators, and the procurement of specialized equipment	$16M
-- Protection of office equipment, intended for use at the Moscow Embassy and other overseas missions, through its life cycle from procurement to installation and repair	$15M
-- Security protection (guards, vehicles, equipment) for American officials, including the Secretary of State, travelling overseas and foreign dignitaries visiting the U.S.	$8M
-- Interagency counterterrorism research and development	$9M
-- Training of security personnel and provision of secure storage for equipment prior to shipment	$1M

In the judgment of the Intelligence Committee, these expenditures are all justified and appropriate.

The budget authorization request was developed before the recent revelations involving the Marine guards in Moscow. The State Department, in conjunction with the CIA and the National Security Agency, is preparing a supplemental budget authorization request. It will take several weeks to develop the request which will cover the costs of removing, replacing, and painstakingly analyzing equipment that may have been compromised as well as renovating and examining facilities that may have been penetrated.

IV. RECOMMENDATIONS

The Committee has concluded that fundamental long-term changes are necessary in the way the United States conducts its mission in Moscow, other high-threat areas, and elsewhere. If security is to become a reality in our embassies, the short-term fixes and patchwork approach of the past must be scrapped. Instead, the Congress and Executive must commit themselves to a program of institutional reforms that meet the challenge directly.

RECOMMENDATION 1: DEMOLISH THE NEW MOSCOW CHANCERY BUILDING

Overwhelming evidence indicates that a highly organized and sophisticated effort by the Soviet Union has compromised the technical security of the new Chancery. A significant level of doubt will always exist concerning our ability to conduct secure activities in the building. There is no assurance that these problems can be solved adequately short of total demolition. Accordingly, the Committee recommends that the Chancery be destroyed and that planning be started to construct a secure facility.

The Committee recognizes that demolishing an office building in which $23 million and the considerable energies of specialists in the field have been invested is a difficult and potentially controversial recommendation. However, a failure to take action, even at this late date, would obligate further sizable expenditures in the future to no foreseeable gain. The fact that drastic remedial measures have not, until recently, been given due consideration should not affect the imperative to act now.

Such an effort must be thoroughly coordinated, however, within the diplomatic and intelligence communities of the United States Government. We must concede less in our negotiations with the Soviet Union in order to prevent a repeat of previous mistakes and mismanagement. The Soviets should be put on notice, the State Department will negotiate a new set of construction agreements that meet our security requirements. Past mistakes, such as allowing the Soviets the ability to prefabricate major sections of the chancery offsite and making use of Soviet construction workers, can not be repeated. Furthermore, the United States must not allow the Soviets to occupy their new chancery on Mt. Alto until we can occupy a new chancery with a reasonable assurance that it has not been compromised. The State Department must plan for the continued long-term occupation of the existing U.S. Embassy in Moscow and make the structural and security modifications necessary to conduct secure operations and communications.

The Committee recognizes that demanding reciprocity in regard to the U.S. and Soviet Chancery buildings may not adequately address security dilemmas presented by the occupation of the residences on Mount Alto by the Soviets. The Committee suggests that this matter merits further intensive consideration by the intelligence and diplomatic communities, and recommends that consideration be given to removing the occupants of the residences in the United States and the Soviet Union until such time as the security concerns of the Committee are resolved..

RECOMMENDATION 2: CONSOLIDATE THE SECURITY, EMBASSY CONSTRUCTION, AND FOREIGN MISSION PROGRAMS OF THE STATE DEPARTMENT

The record demonstrates that the security and building functions of the State Department are fragmented and are scattered in at least three different major organizational units. This is a significant reason for the security breakdowns in the Moscow Embassy program. While creation of the new Bureau of Diplomatic Security is a positive improvement of the Omnibus Diplomatic Security and Anti-terrorism Act of 1986, more needs to be done before Congress can be assured that security concerns are considered at the highest policy levels and that resources are efficiently and effectively spent in the future.

Accordingly, the Committee recommends that the Bureau of Diplomatic Security, the new construction element of the Foreign Buildings Office, and the Office of Foreign Missions be consolidated into a single new organizational unit.

Furthermore, it recommends that this unit be directly responsible and accountable to the Secretary of State.

Furthermore, the Committee requests the Director of Central Intelligence to certify to the Committee the security conditions of all existing embassy facilities, and of all new facilities prior to their occupation.

RECOMMENDATION 3: FENCE DIPLOMATIC SECURITY FUNDING

Consolidating the management of the diplomatic security and building functions is only a first step in assuring a vigorous and successful long-term counterintelligence effort. In addition, protection must be given to the resource base of these programs in order to foster continuity, stability, and efficiency.

Accordingly, the Committee recommends that funds appropriated in that area should then be protected to prevent reprogrammings or diversions to other areas of the State Department.

RECOMMENDATION 4: ESTABLISH A SENATE TASK FORCE FOR THE LONG TERM OVERSIGHT OF EMBASSY SECURITY

The programs of diplomatic security and embassy construction cut across the jurisdictions of the Select Committee on Intelligence, the Foreign Relations Committee, and the Appropriations Committee. No single committee, however, is structured to conduct consistent and thorough reviews the entire range of relevant issues on a long-term basis. Such a vacuum results in a piecemeal approach to embassy construction and security problems.

Accordingly, the Committee recommends that the Chairmen and Ranking Minority Members of these Committees establish a task force to review regularly the State Department's overseas security and buildings programs. Such a working group would periodically review the quality and effectiveness of these programs and report to the authorizing and appropriating Committees of Congress on their findings and recommendations.

RECOMMENDATION 5: ESTABLISH AN OUTSIDE ADVISORY PANEL TO PROVIDE AN OBJECTIVE ANALYSIS OF FUTURE EMBASSY CONSTRUCTION PLANNING

The history of the new Moscow embassy program is a text book example of bureaucratic inertia, turf warfare, and inadequate inter-agency coordination. Diplomatic objectives preempted security and counterintelligence concerns during the negotiating process. Similarly, the desire to complete the project preempted any decisive action by State managers to address obvious security concerns, allowing construction to continue at the Chancery until 1985 despite clear warnings as early as 1979 that the building was being technically penetrated. A failure to defend U.S. interests against the Soviet intelligence attack have resulted in building a complex that is a decade overdue, $100 million over budget, and uninhabitable.

Furthermore, there is no doubt that similar efforts will be made to attack the six new embassies now planned for construction in Eastern Europe. This suggests the real possibility that the U.S. will be placed in the same position with respect to these embassies as it is in Moscow.

Accordingly, the Committee recommends that the Secretary of State and the Director of Central Intelligence convene immediately a panel of outside experts to review and analyze the plans, contracts, and protocols of these proposals and make recommendations necessary to protect the integrity of all new embassy projects.

RECOMMENDATION 6: REVISE PROCEDURES GOVERNING THE MARINE SECURITY GUARD PROGRAM

From the tragic revelations concerning the Marine Security Guard detachment in Moscow and Leningrad, it is clear that both the State Department and the Marine Corps inadequately appreciated the intelligence and security dangers inherent in long-term duty in these locations and did not take sufficient steps with respect to Marine duties and oversight.

Accordingly, the Committee recommends that the Marine Corps make fundamental changes in the assignment and operational procedures governing Marine Security Detachments in the Soviet Union and other hostile intelligence areas. Specifically, tours of duty should be shortened such that no sustained tour would exceed 6 to 9 months. Assignments in these areas should be made only to personnel with untarnished records and with previous security detachment experience. To the extent feasible, married Marines should be utilized. A program of exit polygraphing of Marine guards for counterintelligence purposes upon completion of their tours should be implemented.

In addition, the Committee recommends that the State Department, in concert with Administration counterintelligence officials, review security guard procedures in hostile intelligence areas. Consideration should be given to the use of security personnel with counterintelligence backgrounds in areas where the security threat drives more from intelligence compromise than physical danger.

RECOMMENDATION 7: REPLACE FOREIGN SERVICE NATIONALS WORKING AT U.S. MISSIONS IN HIGH-RISK COUNTRIES

While there are no longer any Soviet citizens working in the U.S. Embassy in Moscow, there are still significant numbers of foreign nationals working in our missions in Eastern Europe and other hostile intelligence areas. Such a situation poses a well documented security threat that can not be tolerated.

Accordingly, the Committee recommends, as it has on previous occasions, that the State Department take the steps necessary to replace these foreign nationals with American workers. In addition, the Committee recommends that the State Department consider alternatives to contracting out to private U.S. firms for necessary replacement services. Specifically, the Department should seek to establish its own in-house capability to operate and maintain its missions and should develop a creative structure to make use of junior level personnel from many areas of government to perform service functions overseas.

RECOMMENDATION 8: REFORM PERSONNEL POLICIES TO ENHANCE SECURITY

An effective program of diplomatic security depends on adequate resources, efficient management, and dedicated and competent personnel. Accordingly, the Committee recommends that the Department of State take the necessary steps to expedite the recruitment and retention of qualified security engineers, technicians, managers, and counterintelligence specialists. Adequate promotion opportunities must be assured. In addition, the wisdom of current Departmental assignment procedures should be reviewed with an eye toward expediting the rotation of qualified personnel to diplomatic security. Increasing the exchange of personnel with other relevant government agencies also should be encouraged and adequate training opportunities should be provided. The Committee hopes this will contribute to a fuller understanding of the goals and perspectives, of all government agencies involved.

The Committee recognizes that security awareness is sometimes not considered part of the "culture" of the foreign service. Events show, however, that the day of "gentlemen not reading other gentlemen's mail" passed long ago. Accordingly, the Committee recommends that the Secretary of State strengthen Department efforts to provide more effective security awareness and training before overseas assignments, increase the authority of Regional Security Officers at overseas missions, and reemphasize the ultimate accountability of Ambassadors for embassy security to him. In cases of negligence and malfeasance of duty, the Department of State must act quickly to assess accountability and implement necessary disciplinary actions.

This Committee recognizes that personnel from government agencies other than the State Department comprise a significant part of an Embassy staff. In many cases career Foreign Service Officers are in a minority. This results in fragmentation and uneven levels of counterintelligence training at overseas posts. Therefore, the Committee recommends that an office be establilshed to serve as the focal point for security awareness and counterintelligence training for all U.S. Government personnel from outside the national security arena (e.g. the Departments of Commerce and Agriculture), as well as from agencies under the Department of State (e.g., AID and USIA), who are assigned to overseas missions. In addition, this office should be the final authority for judging the suitability on counterintelligence grounds of personnel who are assigned from any agency to U.S. embassies.

The State Department also needs to provide for greater emphasis on the counterintelligence implications of certain conduct by embassy personnel including Marine Guards. Cases of misconduct in Communist bloc countries, such as fraternization or "black market" involvement, ought to be routinely investigated, using polygraph examination as appropriate, to explore for possible indications of espionage.

PREPARED STATEMENT OF CHARLES Z. WICK

I am pleased to appear before you this morning to present the U.S. Information Agency's authorization request for fiscal years 1988 and 1989.

Our budget request for FY 1988 totals $941.9 million, an increase of $94.9 million over enacted amounts and pending supplementals. Some $84.9 million of the increase is for the Agency's basic programs. Of this amount, $77.2 million -- or 91% -- will be devoted to maintaining ongoing activities including new retirement and pay costs, overseas cost increases, and the multi-year effort to modernize the Voice of America.

The balance of the basic program increase is requested to complete the worldwide network for the Agency's TV program WORLDNET, $6.7 million, and to enhance exchange programs, $1.0 million. The remainder of the total increase, $10 million is for enhancement of the National Endowment for Democracy.

Even with these proposed increases, the Agency's operating budget in FY 88 will still be almost 6 percent below the 1967 level when expressed in constant dollars.

I believe our budget, viewed from this perspective, shows our clear understanding of the tight fiscal climate in which we must operate. We have made drastic cuts to live within available resources, and we have worked creatively to do more with less.

USIA is accomplishing more in the mid-1980s than ever before, with fewer people. Since 1981, USIA has played a revitalized role in the conduct of U.S. foreign policy. In six years, we have implemented over 47 significant initiatives that reflect USIA's active participation in public diplomacy and the Agency's entry into the electronic age. Today, about 9,400 USIA employees carry out these initiatives in addition to USIA's traditional programs, a 25% decrease in staffing levels from 1967. The ideals and goals of the government and this society are now delivered immediately and accurately, to larger audiences and to many more nations than in years past.

I realize the difficult work that is before the members of this subcommittee, and I understand that you must juggle many conflicting priorities from many parts of our government. But in this competitive climate, I ask that you focus for a few moments on USIA and the vital work we do.

Given the state of the world today, with all of its attendant dangers to free societies, I believe we need to ask -- what is the appropriate level of support for our efforts to speak the truth to the world about America in a strong, clear and vigorous voice?

It is not simply rhetoric to say that public diplomacy -- where governments speak directly to people -- has come of age in recent years, and that it can only continue to grow as a integral part of the way we conduct our foreign affairs. The explosive growth of information and communication technology -- the instant nature of communication -- mandates the use of public diplomacy. We live in times where it is possible to deliver compelling images instantly into the homes of people around the globe.

Evaluating the international scene over the past few years -- the rise of the Solidarity movement in Poland, the downfall of Marcos and the election of Corazon Aquino in the Philippines, the end of a dictatorship in Haiti -- we can see the convergence of three forces:

-- the growing power of public opinion over governments;

-- the developing recognition that freedom is a natural right of every human being; and

-- the global information revolution, brought about by a communications technology that can instantly spread ideas to every corner of the world.

The role of public diplomacy in shaping each of these forces is undeniable.

Technological developments in international communication have brought a greater awareness of the "global village" nature of our world. The issues of the day -- trade, environment, drug problems, food shortages, health -- all demonstrate the interconnected nature of this world. All of these issues affect not just one society or group but all of us who inhabit this planet.

USIA is working to make use of these technological developments to carry out our mission. One of the most exciting new dimensions of public diplomacy is our international satellite television network -- WORLDNET -- which links Washington with more than 100 cities in over 80 countries on five continents. WORLDNET harnesses the power of satellite television technology to bring up-to-date news and information about America to millions around the world.

Since November 3, 1983, when WORLDNET held its first satellite press conference, there have been over 345 interactive programs involving American policy makers responding to questions from foreign interlocutors. We've added daily television service to Europe and most recently Latin America, continuing this vital dialogue to important regions on a regular basis.

We estimate from post reports that WORLDNET broadcasts, from the first telecast through December 31, 1986, have resulted in over 4 billion gross cumulative viewer impressions. WORLDNET will continue to open new frontiers, giving people in all parts of the world an opportunity to hear -- and to see -- America first hand.

In 1983, the Belgian magazine Western World said of WORLDNET, "In the long run, this communications link-up between Western Europe and the U.S. may prove more important to the Alliance than the 'coupling' of the defense of the two continents by stationing of the American Pershing II and cruise missiles in Europe."

In Western Europe, WORLDNET's daily service is carried by 96 cable systems, 121 hotels and 8 regular broadcast television stations. WORLDNET has increased dramatically the Agency's media placement.

While WORLDNET has been extremely successful with its program placement over the past year, there is growing competition. For example, the Soviet Union's Ghorizont satellite service beams 16 hours a day of broadcasts in Russian to Sweden while we are currently only able to broadcast two hours per day in English.

The Cuban government is currently broadcasting programs three days a week via the Soviet's Ghorizont satellite to their troops in Angola where special earth stations have been installed for reception. The Cuban service in Latin America is limited in scope but there are indications that they plan to expand it substantially.

In the past year, we have seen what has come to be called "glasnost" from the Soviet Union. We must wait to see whether this "glasnost" -- this new openness from the Soviets -- is a reality or merely a public relations strategy. We know already that it represents a new awareness on the part of the Soviet Union of the importance of world opinion and the need to use public diplomacy to influence that public opinion. This use of public relations techniques by the Soviets is also an attempt to deflect the world's gaze from the continuing human rights violations within the USSR, their efforts to subjugate surrounding territories and to denigrate the U.S. throughout the world.

Without a strong and active U.S. Information Agency, the peoples of the world will lose the opportunity to hear our side of the story and to make intelligent choices.

A weak overseas information program, because it cuts back on our arsenal of influence, is as dangerous as a weak defense posture. A strong overseas information program is essential to our national security.

The Soviet Union spends vastly more than the United States to gain international support. The USSR employs seven times more people in its overseas information program. They distribute many millions more books, bring many thousands more students under official auspices to their country, have a larger and stronger radio system, broadcasting more hours with a stronger signal in more languages each week. Just one example: All of USIA's book programs combined total approximately 5 million books distributed abroad compared with 80 to 100 million distributed by the Soviets. We also understand that the Soviets are the third largest publishers of books in Spanish, the second in French, the third in German and the second largest publisher in the world in all of the Indian languages.

No precise figures are available for the level of resources that the Soviets commit to public diplomacy. But based on the best data available, we estimate that the Soviet Union outspends us by at least two to one in international information activities. We understand that the Soviets spend more to jam U.S. broadcasts to Eastern Europe and the Soviet Union than the cost of those broadcasts.

None the less, the VOA is getting through. "Hearing your name on the BBC or VOA is the best assurance that the KGB will think twice before cracking down on you." So wrote Soviet dissident and recent immigrant, David Goldfarb in the December 28, 1986, issue of the New York Times Sunday magazine section. I believe that we must ensure that America's voice is heard loud and clear.

The budget cuts in FY 1987 have caused damaging reductions at the Voice of America, in overseas operations, exchanges, and in most other Agency programs. These reductions come at a time when the work of the Agency is more crucial than ever in the conduct of our foreign policy.

As a consequence of these budget cuts:

-- The Voice of America reduced broadcasts by 113 hours weekly, or 9 percent, in 6 languages -- the largest single cut since the 1950s;

-- the Agency has closed twelve posts and centers abroad, including such key European centers as Antwerp and Trieste, and branch posts in Guayaquil, Ecuador and Kano, Nigeria;

-- exchange programs, particularly the International Visitors and Academic Exchange programs, were reduced;

-- most program support for the overseas missions was also cut sharply. For example: book programs were cut by over 19 percent; centerpiece exhibits by 38 percent; American speakers by 11 percent; and visual and performing arts by 10 percent;

-- and the Agency has reduced its employment rolls by a further 300 persons.

A vigorous USIA, effective enough to combat the Soviet disinformation campaign in all its insidious phases, is essential. We must maintain our vital overseas offices and exchanges programs. We must complete the expansion of our international television satellite network, WORLDNET, to the nations of the world. We must continue to modernize the Voice of America's outdated transmitting facilities.

Even with the realization that the Agency needs to grow, we have scaled back our request, in recognition of the many competing priorities and needs of this nation.

But, while we have made painful reductions and restrained our request, we cannot continue to cut overseas personnel, to cut posts and positions overseas, delay modernization efforts, cut participants in our exchange programs while preserving an active public diplomacy effort for the United States.

In the area of U.S.-Soviet relations, we are following the President's lead as expressed in Geneva and more recently in this year's State of the Union speech when he said, "We Americans have always preferred dialogue to conflict and so we always remain open to more constructive relations with the

Soviet Union. But more responsible Soviet conduct around the world is a key element of the U.S. - Soviet agenda."

I would like to mention two areas where USIA has been working to create more "constructive relations" with the Soviet Union. The first is what has come to be called, "The Broadcast Initiative." During the Iceland Summit, General Secretary Gorbachev stated to President Reagan his interest in access by the Soviets to the United States on AM radio. At the same time, I was meeting with senior Soviet Communist Party Central Committee official Aleksandr Yakovlev, who also raised this possibility.

At Reykjavik, on the subject of jamming, I made it clear to Mr. Yakovlev that their actions were illegal under international law and the U.S. remained unalterably opposed to the practice.

During this meeting, an effort was made to initiate reciprocal media access. This proposal dates back to January of 1985 when I made a similar proposal in writing to the then head of the International Information Department of the Central Committee, Leonid Zamyatin to explore the possibilities of exchanging television broadcasts and acquiring airtime by each side on the other's medium wave radios.

The proposals for a reciprocal broadcast exchange were made in an attempt to increase the free flow of information between our two countries. Earlier our efforts to achieve this free flow resulted in the 1986 New Year's day television exchanges with Gorbachev and the President.

On November 21, 1985, the United States and the Soviet Union signed a new General Exchanges Agreement in Geneva which has given new life to numerous pre-existent academic, educational, and people-to-people exchanges which were established more than 25 years ago but reduced after 1979. In January of 1986, the Office of the President's Coordinator for U.S.-Soviet Exchanges was established. Ambassador Stephen Rhinesmith heads this office at USIA.

During these first early stages of the agreement, new youth exchanges, film series, exhibitions, musical performances, professional conferences, and teacher exchanges between our two countries have taken place. The American private sector has generated many innovative proposals to resume academic, cultural and performing artist exchanges between the two countries.

Among the activities that are happening now or planned for the coming months are long-term exchanges of language teachers and curriculum consultants; a tour of "An American Vision: Three Generations of Wyeth Art," (a show that will travel extensively and is sponsored by AT&T;) and a nine-city tour of the Soviet Union by "Information USA," (a USIA exhibition on the communications and information revolution in the United States.) When this exhibit opens in June of this year, it will mark the first major USIA exhibit to be shown in the Soviet Union in seven years. Of course, USIA also provided extensive assistance to the much-publicized Vladimir Horowitz concerts in the Soviet Union.

I believe this past year demonstrates the Agency in action at its best. Here are highlights from this past year which I hope will give you a sense of our recent work and our accomplishments.

-- On January 14th of this year, a Washington Post editorial wrote of the demonstrations in China: "Still, nothing the American officials say about China is nearly as important as what the government's radio, the Voice of America, says to China. VOA, by doing what it was already doing, offers its millions of Chinese listeners an alternative to the official press's report on events in China. For doing this job, the Voice has come under some criticism in Beijing, but it seems to be giving the available news straight and, in that vital way, making a major and appropriate contribution to China's uncertain democratic passage."

-- Some 130 million adults around the globe now listen to VOA at least once weekly, according to a comprehensive update on listenership released by USIA's Office of Research. Their estimate -- which is 11 million greater than last year's -- is based on an extensive review of all available survey data. This huge audience does not include occasional listeners or the others who tune in to Radio Marti and our FM/cable outlets in Western Europe or hear VOA programming carried on their local stations.

-- This was the year that marked the 40th anniversary of the Fulbright program. Celebrations of the anniversary were held in many countries and USIA's celebrations culminated with a Washington conference to explore future directions of the program. Praise for the program came from around the world. TIME magazine essayist Roger Rosenblatt said in an essay on the MacNeil/Lehrer program: "People know the whole world a lot more intimately today than they did 40 years ago, thanks more to TV than to the Fulbright program. But the Fulbright idea advocated a special deeper sort of knowledge that embraced the world as both mysterious and kind."

-- In March of 1986, in an unusual move, The New York Times reversed itself in an editorial about the Radio Marti program of the Voice of America. Referring to an editorial that had appeared in the Times ten days earlier, they said, "'Cruel and Unusual Banishment,' was unfair to Radio Marti, the U.S. Information Agency station that has been broadcasting to Cuba since May 1985. Contrary to our statement, the station appears to have found a responsive audience and filled a void in Cubans' information. Contrary to our fears last year, it has avoided propaganda and supplemented, not duplicated commercial Spanish-language broadcasts from Florida."

-- In September, former Cuban political prisoner Armando Valladares told the House Foreign Affairs subcommittee on International Operations that Radio Marti has penetrated the void of information that exists in Castro's Cuba today. Valladares also told the subcommittee that, although Cubans can be fined -- or worse -- for listening to Radio Marti, it is not unusual to hear Marti's broadcasts streaming from radios in cars and homes in Cuba. In a letter to the director of Radio Marti, Cuban human rights leader Ricardo Bofill wrote, "It seems to me that there will come a time, with respect to the problems existing in Cuba today, in which we will have to talk about the time before and after Radio Marti went on the air."

-- We have begun to bring USIA's Wireless File into the modern computer age by transmitting it directly from Washington into the offices of foreign newspapers and editors. The File provides texts of official speeches and press briefings, as well as backgrounders on U.S. political, social, scientific and cultural issues. Last fall we ran a 90-day experiment, in which we sent the File directly into German newspapers. We are planning one more test in another geographic region, before moving to expanded implementation.

-- This year marks another important anniversary -- the twenty-fifth anniversary of the National Council for International Visitors. The Council and its 101 local organizations made up of some 800,000 volunteers arrange appointments and provide American hospitality for foreign participants in

USIA's International Visitor Program. For every dollar the government spends, IV volunteers contribute an estimated fifteen dollars through cash and in-kind donations. More than 85,000 visitors have been hosted under the program. Forty-two of them, who participated earlier in their careers, are currently the heads of government of their countries.

-- Former Speaker of the House Tip O'Neill captivated a high-level WORLDNET audience in December of 1986 with reminiscences of his long political career. Dublin, one of the interactive posts for the telecast, reported later that it "made all the Irish proud." The event was covered in its entirety by national TV and radio and all major dailies, and the leader of the Irish opposition and senior government members attended.

-- USIA's Arts America staff organized a number of cultural presentations over the past year. These include a tour of China by the Alvin Ailey American Dance Theater; a tour in the Near East by the Minnesota Opera; a tour of Africa by the Miami Dade Jazz Ensemble; a Latin American tour by the Hubbard Street Dance Theater; a tour of Europe by the Billy Taylor Trio and a tour by Magnificent Force -- a group of four young breakdancers who enthralled young audiences in five posts in the Near East and South Asia.

-- Our Foreign Press Center helped the Japanese newspaper Yomiuri Shimbun arrange interviews with seven cabinet members, including Secretary Shultz and Secretary Weinberger, for a special series in the newspaper. With Secretary Gorbachev scheduled to visit their country, Japanese have begun calling 1987 "USSR Year" in Japan. The series was conceived as a way to help put the spotlight back on the United States. Yomiuri, with a readership of 9 million, is the largest circulation daily in the free world.

-- 1986 was a record year for briefings at the Washington Foreign Press center with a total of approximately 200 given by cabinet officials, Members of Congress, and representatives from academia, the arts and sciences, and sports. This past year, over 25 tours were arranged for foreign correspondents by the Los Angeles Foreign Press Center. The New York Foreign Press Center assisted more than 800 foreign correspondents covering the Statue of Liberty celebrations last July.

-- Last year, with funds made available by the Supplemental Appropriations Act, 1985, USIA created the CAMPUS program (the acronym stands for Central

American Program of Undergraduate Scholarships) for an initial group of 154 students. In 1987, we plan to evaluate the program and, given a favorable result, to proceed with the selection and placement of a small group of 90 students. For the third class, to be funded in fiscal year 1988, we plan to restore the program to its initial level of 154 grants. These students -- all financially disadvantaged -- would not normally be able to afford an American education. Said U.S. Ambassador to El Salvador Edwin Corr of the CAMPUS program, "It will shape their views of the United States in a way that could not have happened in any other fashion...as you fight the battle of the budget...I hope you will try to keep this program going."

-- With assistance from USIA's Office of Academic Programs, the Georgetown University Law Center has established a program to help black lawyers from South Africa win the right to practice before that country's Supreme Court.

-- USIS Seoul began publishing a Korean-language tabloid in response to growing anti-Americanism among Korean university students. About 20,000 copies of each monthly issue are distributed to Korean students and academics. Each issue includes official statements on issues of concern to Koreans, as well as background articles on international affairs, security issues, the U.S. political process, and American society -- all areas were our critics in Korea have made inaccurate charges.

-- New code-a-phone installations in three Latin American capitals now link VOA's Spanish branch to local stations. The system enables radio stations to call in and record a correspondent's story for re-broadcast later. Five Colombian networks with 165 affiliates have direct access to USIA Bogota's code-a-phone. Costa Rica and Argentina also have links with the Spanish branch and Brazil has been using the code-a-phone with remarkable success for over two years.

-- USIA library research -- a valuable but not often a high profile activity -- can be vital in times of crisis. In the days and months following Ferdinand Marcos' departure, USIA's Thomas Jefferson Cultural Center in Manila was swamped with research requests on subjects ranging from the organization of a revolutionary government to the writing of a constitution. The quick and thorough response by USIA librarians had an impact on questioners from all segments of society: government officials, oppositionists, citizens' groups, journalists and the national legislature and constitutional commission.

-- Through active USIS post placement, WORLDNET programs have produced a surprising multiplier effect, for example: USIS Brussels reproduces the daily WORLDNET European TV feed for English language teaching centers and schools throughout Belgium; USIS Paris distributes the program country-wide to students working on American studies for foreign teaching certificates; USIS Vienna acts as a daily distribution center, sending tapes to American embassies throughout Eastern Europe where they are played on television screens in embassy windows facing busy streets where they draw very large crowds; and USIS Quito participated in a WORLDNET interactive program on earthquakes which has now become a standard fixture in Ecuador's official civil defense emergency preparedness training. WORLDNET also reaches presidents, cabinet ministers, think tanks, university faculties, military academies and other influential host country institutions.

-- Our posts in New Delhi and Calcutta continued their counterattacks against the Soviet-supported disinformation campaign in India that blames the U.S. for the spread of AIDS. As a result, two of India's most important English-language dailies, The Times of India and The Statesman decided to set the record straight. Wrote the Times, the spread of this story "strongly points to a systematic, Soviet-inspired and by now fairly successful disinformation program." Numerous Wireless File stories have done much to effectively counter this disinformation as it appears around the world.

-- In May of last year, USIS Japan provided on-the-ground expertise and support to the White House Press Office and approximately 800 American and third country journalists in Tokyo for the seven nation economic summit. USIS Japan played a key role in ensuring that the American delegation was instantly informed of public affairs events happening during the summit, and that the views of the delegation were disseminated to the worldwide audience of millions.

-- In November of 1986, 11 political party leaders from nine Latin and Central American countries ended a 17 day visit to the U.S. made possible by a grant from the Office of Private Sector programs. The travel/study tour was designed to further democracy in the hemisphere by strengthening ties between Latin American political leaders and their American counterparts. Approximately half of the group members now occupy highly influential positions with their respective countries. For many, it was their first visit to the U.S.

-- "Newsfile," USIA/TV's innovative, Tuesday-to-Friday, 10-minute newsclip of current American news events, now an integral part of the daily WORLDNET feed to Latin America, is getting rave reviews from our Latin American posts. Sample post comments include: "...gave us our first placement ever on the nation's major evening news show;" "With it, we daily feed the largest government owned-TV station, its 120 affiliates and some 40 cable systems;" and "at least one item is used daily -- and sometimes the entire 'Newsfile' feed is used."

-- Douglas Turner Ward, founder and artistic director of the famed Negro Ensemble Company, spent two weeks as a USIA American Cultural Specialist in Nigeria, were he acted as a guest director for a production of one of his plays by a Nigerian theater company.

-- America Illustrated, USIA's Russian-language monthly magazine, celebrated its 30th Anniversary in October of this past year. It is published under an agreement, renewed at Geneva last November, that provides for its distribution of 62,000 copies per month in the Soviet Union in exchange for the distribution of Soviet Life in this country. Despite the fact that the Soviets return approximately 8,000 monthly as 'unsold,' we understand that back issues sell at 8 or 10 times the 75¢ cover price on the black market.

-- In September of 1986, USIS Indonesia opened a new library and cultural center to respond to a need to give more information about the U.S. to an important but information-poor society where foreign books are expensive and hard to get. The library has been flooded with up to 700 patrons a day, eager to use its collection of books, periodicals, and videotapes. Overall attendance and usage already ranks it as the second most active USIS Library worldwide, and the harried staff has had to struggle to keep up with the demand.

-- The Philippine people were able to see significant events of the official working visit of President Aquino to the United States with the help of USIA/TV's special projects staff. Technicians worked throughout the night to transmit feeds to the Philippine media of each day's events, including the live broadcast of President Aquino's address before a joint session of Congress.

-- An electronic dialogue with Arab-Americans in Jacksonville, Florida, and a panel of scholars and journalists in Saudi Arabia was termed by the post "one of the most successful USIA media events in local memory." The U.S. participants from the Florida State Legislature delivered highly persuasive counter arguments to frequently exaggerated and inflammatory Saudi media accounts of widespread and violent discrimination against Arab-Americans in U.S. communities. The speakers were so convincing in their pride in being "completely assimilated, prosperous and productive citizens of the U.S." that some Saudi newsmen felt frustrated, having hoped for a juicier story.

-- USIA in Nairobi called the American Participant visit of Pennsylvania Governor Richard Thornburgh one of the most successful AmPart programs in recent memory. Kenyan ministers, small town officials, businessmen, university faculty, and lawyers who met with him appreciated his practical rather than theoretical approach. Kenyan President Moi met with the Governor and reminisced about his own experiences visiting Pennsylvania in 1961.

-- New evidence of the excellent reputation of USIA's magazine "Problems of Communism" was submitted by our posts overseas. The Bonn-based publication "Kontinent" published a German translation of an article from the magazine's January-February issue on Moscow's Afghan War; a British university has requested permission to reproduce "Problems of Communism" material on Eastern Europe in a forthcoming textbook; and the BBC European Service asked for 12 subscriptions for its research and information section.

-- A televised electronic dialogue with singer/composer Stevie Wonder to Abidjan provided a surprise for everyone. Ten minutes before the program began, Wonder sat down at his special keyboard for the blind and composed a song in French, "Je t'aime beaucoup, Abidjan," with which he opened the dialogue.

-- Dr. Haing Ngor, 1985 winner of an Academy Award for his performance in "The Killing Fields," talked in March with VOA's Khmer language service. Before his escape from Cambodia in 1979, Ngor said he listened secretly to VOA daily using a set of batteries which he carefully recharged and used only for VOA broadcasts. He praised VOA newscasts, especially reports dealing with the Cambodian situation.

-- At the conclusion of a VOA interview, Anatoly Shcharansky said the first and foremost role of stations like VOA is that they are the sole source of information for the Soviet people about what is going on in the West and in their own country. Thousands of Soviets, he added, wrote to Helsinki Watch group members after obtaining their addresses from foreign broadcasts. Andrei Sakharov, when interviewed by VOA in January said, "This is the best that we hear from America."

-- A number of former Humphrey Fellows have recently achieved significant advances in their careers. Roberto Spolido, a '84-'85 Fellow from Brazil, has become Technical Advisor to the Ministry of Science and Technology in Brazil. His Excellency Proces Bigiramana, a '80-'81 Humphrey fellow from Burundi, now represents his country as ambassador to the USSR. At least three Fellows, one from Malaysia, one from Peru and one from Colombia, have become Special Advisors to the Ministries of Finance in their own countries. The Humphrey Fellowship program to date has reached 858 mid-career professionals from developing nations for a year of study and immersion in American culture and society.

-- One of USIA's top priorities during the past year, and continuing this year, has been counter-terrorism. Key government officials have explained the U.S. position on terrorism through teleconferences arranged by USIA and have discussed the issues on WORLDNET interactive broadcasts. Agency media provided comprehensive coverage of the January 1987 conference on "Terrorism in a Technological World." During the conference, which was organized by "Discover" magazine, Vice President Bush, Secretary of Defense Weinberger and Attorney General Meese provided high-level policy statements on Administration counter-terrorism policy. A USIA officer has joined the staff of the Ambassador-at-Large for Combatting Terrorism and will direct this interagency public diplomacy effort. USIA responded to the increased threat from terrorism against its establishments by conducting security inspections at 131 overseas posts during the past two years. Security enhancement projects were initiated at many of these posts.

These highlights from 1986 cannot serve as a comprehensive record of the work of USIA, but I hope that they show the range of our activities. And that they show the many tools we use to carry out this country's public diplomacy activities.

As indicated earlier, we are requesting $941.9 million for FY 1988, an increase of $94.9 million over enacted and pending 1987 supplementals. Most of this increase is required to maintain the Agency's programs at the reduced levels established in 1987 and to continue the modernization of the Voice of America's technical facilities. Specifically, the increase will provide:

-- $18.7 million for added costs of the new Federal retirement system, the January 1987 Federal pay raise, and related costs;

-- $24.0 million to continue on-going projects necessary to modernize and replace the Voice of America's antiquated transmitting facilities;

-- $35.1 million to meet overseas wage and price increases, annualization of 1987 WORLDNET expansion and other built-in requirements;

-- $7.7 million to complete the Agency's dramatically effective international television satellite program, WORLDNET ($6.7 million,) to enhance exchange programs with South Africa ($.6 million,) and to improve the support infrastructure for the International Visitors Exchange program ($.4 million); and

-- $9.4 million to expand programs of the National Endowment for Democracy.

For fiscal year 1989, we are seeking a total of $1,070.1 million, an increase of $128.2 million over the amount requested for 1988. This amount is required to meet inflationary cost increases and other built-in changes necessary to maintain the proposed 1988 program level throughout FY 1989 ($38.2 million) and to continue the modernization and expansion of the Voice of America's transmitting facilities, principally on-going projects in Morocco, Sri Lanka, Thailand, and Botswana ($90 million.)

The security of this country is inextricably tied to our public diplomacy efforts. When we, at USIA, do our work well, when countries around the world come to have a better understanding of America's policies then it follows that the chances for conflict are lessened.

For example, both before and during the deployment of the Pershing and

Cruise missiles in Western Europe, amidst a torrent of Soviet disinformation, USIA played a crucial role in explaining to Western European audiences that the missiles would preserve the peace and deter war. The question of the health and continuity of the NATO alliance is played out every day in the public arena. It is in this arena, where, if America is to succeed, our public diplomacy must succeed. It is far more cost effective to fight a campaign of words than a campaign of war.

Mr. Chairman and Members of the Committee, I believe that public diplomacy is a key investment in the relations of this country with otner countries in the world. We cannot afford to let other countries remain ignorant of America's aspirations and motives. Nor can we allow Americans to remain isolated from the concerns of other countries. To do so would be to leave ourselves singularly ill-equipped to deal with the present and ill-prepared for the future. I ask for your continued support and assistance for USIA as we carry out our mission. Thank you.

PREPARED STATEMENT OF MALCOLM S. FORBES

Radio Free Europe and Radio Liberty are the most powerful instruments the United States has for influencing the course of internal developments in the Soviet Union and Eastern Europe. Shortly after his arrival in the West, Anatoly Shcharansky gave a moving testimony to the importance of Radio Liberty in sustaining the hopes and courage of oppressed individuals in the Soviet Union. Zbigniew Brzezinski in his recent book Game Plan stated the following about Radio Free Europe:

> "The most important and perhaps least recognized service that America has rendered over the years to the preservation of a European identity in Eastern Europe has been its sponsorship since 1950 of Radio Free Europe. Though its broadcasts have been frequently jammed, RFE has almost singlehandedly prevented Moscow from accomplishing a central objective: The isolation of Eastern Europe from the rest of Europe and the ideological indoctrination of its people."

Jerzy Urban, the official Polish government spokesman, essentially confirmed this when he stated, "If you would close down Radio Free Europe, the underground would cease to exist."

Another evidence of the enormous impact of these radio stations is their treatment by the Soviet Union and its allies. Contrary to international agreements to which they are signatories, the USSR and certain of its allies engage in intensive jamming of RFE/RL's signals. Indeed, more than seventy percent of all Soviet and East European jamming is aimed at RFE/RL frequencies. Recently, the USSR ceased jamming the Russian language broadcasts of the BBC, only to turn those jammers against Radio Liberty. The Soviet media also engages in a constant vilification of Radio Liberty and Radio Free Europe.

The indisputable fact is that the Kremlin fears these radio stations more than any other Western broadcaster. Newspapers and other media in our own country that are not familiar with RFE/RL broadcasts sometimes assume that this is because those broadcasts are more "hard-hitting" or "strident" than other Western broadcasters. This is not the case. If we were to broadcast crude propaganda or bombast to the East, no one would listen very much. The people of the East bloc get too much shop-worn propaganda from their own media as it is. RFE/RL's broadcasts are now, and always have been, of high intellectual and journalistic quality and accuracy.

Mr. Chairman, the Soviet leadership and their allies in Eastern Europe are adamantly opposed to RFE/RL precisely because the focus of its broadcasts, unlike those of any other international broadcaster, is on events in their own countries. They are less concerned about their citizens receiving accurate news about events outside the Communist world than they are about their citizens learning the truth about what is going on within their borders. That is the real reason they attempted to restrict information about the Chernobyl accident. RFE/RL's coverage of that incident, by the way, was a model of journalistic balance and objectivity, and an invaluable human service to our 50 million listeners.

Never has the unique mission of Radio Free Europe/Radio Liberty been more important than now. Nearly every day in the newspapers we read of startling changes taking place in the Soviet Union. Eastern Europe is also undergoing a painful period of evolution as it adjusts both to the implications of the recent events in Poland and to the ramifications of Gorbachev's new policies. Despite talk of glasnost' (openness), the Soviet and East European media remain under tight government control, manipulating public perceptions of internal changes to suit official objectives. The people of these countries vitally need a source of accurate and balanced information about what is happening in their own countries. In providing them with that source, RFE/RL can help accelerate and deepen the process of change taking place in Eastern Europe and the Soviet Union. A prime example of the potential impact of RFE/RL was the rise of the Solidarity movement in Poland, a development made possible in part by the intensive coverage RFE's Polish Service gave to the movement in its early stages. More than three-fourths of Poland's adult population made these broadcasts their principal source of news during the years of crisis.

I fully recognize that the Federal Government is faced with severe budgetary constraints. I would point out, however, that the enormous leverage we gain from Radio Free Europe/Radio Liberty is achieved at a minute cost in national terms. Total expenditure on Radio Free Europe and Radio Liberty since 1949--a total of 38 years--amounts to less than fifteen hours of Federal spending at current rates. The Department of Defense spends in four hours what RFE/RL proposes to spend in all of FY 1988.

The budget we are submitting for FY 1988 increases RFE/RL operations above current levels by $4.6 million for urgently needed improvements in the areas of Soviet nationalities programming, physical sites security, computerization, personnel system consolidation, and training and development. Much larger than the operational increases is a mandatory foreign currency rate adjustment of $27.2 million. Exchange rate fluctuations make it necessary to adjust the foreign currency levels in the BIB budget request annually. The FY 1988 currency rate adjustment of $27.2 million is required because of the precipitous decline in the dollar during the past year and is part of our budget over which we have no control.

I am prepared to answer any questions you may have about our operational budget. In the remainder of my testimony, I would like to focus on one item outside the ordinary operational budget that is of vital importance--our modernization program for upgrading obsolete and under-powered transmitting facilities.

I mentioned earlier that the Soviet had turned the jamming power once aimed at the BBC on Radio Liberty. This is in line with an ongoing Soviet program of intensifying jamming of RFE/RL. We believe that the Soviets are undertaking what is, in effect, a pincer movement. On the one hand, by taking a few modest steps to enliven their own media and by making selected Western broadcasters more accessible, they seek to draw listenership away from RFE/RL. On the other hand, by intensifying their jamming of our signals, they will make it increasingly difficult for our listeners to tune in. We are squeezed in the middle.

There is nothing we can do about increasing competition from the Soviet media or from other Western broadcasters. Indeed, we welcome it. But there are steps we can take to overcome jamming. Our current transmitting facilities are antiquated and underpowered. With the support of your Subcommittee we have begun the long-overdue modernization program designed to refurbish our existing transmitting facilities. Four 100 kilowatt replacement transmitters have been installed in the Federal Republic of Germany. Contracts have been signed for the purchase of eight 250 kilowatt transmitters to replace a similar number of obsolete 100 kilowatt transmitters in Portugal and we expect delivery this summer. An increase in transmitter power is essential to the delivery of an intelligible signal in an environment which is increasingly jammed. All of the 22 languages in which RFE/RL broadcasts, with the exception of Hungarian and Romanian, are heavily jammed.

The funding request we are submitting today includes $41.9 million for the final phase of a $77.2 million, three year refurbishment project. This amount will be used to convert an existing receiving station in Portugal to a transmitting station. No funding is included for RFE/RL's share of the costs of a joint RFE/RL - Voice of America transmitter base in Israel, for which negotiations are proceeding with every expectation of a successful conclusion very soon. Upon completion of negotiations we expect to be back to the Committee for start-up costs. When this project is completed, we shall at last have the capability of delivering a strong, one-hop signal to the Moslem people of Soviet Central Asia.

Peter Reddaway, the Director of the Kennan Institute in Washington, D.C. has said, "there is no more important aspect of Western policy towards the Soviet Union than foreign radio broadcasts." Mr. Chairman, once again I urge your Subcommittee to support our budget request. It is imperative that the vital life-line of Radio Free Europe/Radio Liberty remain extended to the people of Eastern Europe and the Soviet Union.

PREPARED STATEMENT OF WILLIAM M. WOESSNER

Forty years ago this Committee initiated a new era in public diplomacy by creating a unique program which applied war debt repayments to educational exchanges between the United States and other nations. Five years ago this Committee initiated a crucial effort to rebuild the Fulbright and other U.S. Information Agency exchange programs after more than a decade of erosion and neglect. As celebrations around the globe last fall marked the 40th anniversary of the Fulbright Program, it was evident to all that this commitment to international understanding through educational exchanges had borne great fruit. Today, as the entire international affairs sector faces a fiscal crisis of frightening proportions, the Committee's leadership and support is vitally needed once again.

The Liaison Group for International Educational Exchange, a coalition of the executive leadership of major nonprofit organizations engaged in exchange activities, is very appreciative of this opportunity to inform the Committee about the state of U.S. exchange programs and to provide some recommendations to you as you prepare reauthorization legislation for Department of State and U.S. Information Agency programs. Our statement addresses three basic topics: the place of exchange programs in contemporary public diplomacy, the effectiveness of current programs, and recommendations regarding actions needed to maintain and strengthen these vital programs.

The international environment has changed markedly since the first Fulbrighters from abroad crossed our borders on their way to American college and university campuses and the first U.S. Fulbrighters departed to institutions around the globe. Ninety-three new nations have come into being, greatly increasing demands on the Fulbright and other USIA exchange programs. Furthermore, educational exchange programs have become much more important as other nations, particularly those in the Soviet bloc, have followed the lead of the United States and established international scholarship programs of their own.

It is frequently said that the world is shrinking as technology enhances communication and as economic trends make nations more interdependent. This way of viewing these important global trends encourages us to forget that the peoples of different nations continue to live in fundamentally different cultural worlds from one another — worlds which are in many cases diverging rather than converging. That is, the notion of a shrinking world hides the crucial fact that the cultural context in which the publics of other nations understand international events and judge the actions of nations differs drastically from our own. The political importance of this fact has been clearly and tragically demonstrated as we have struggled recently to fathom and deal effectively with events and public attitudes in Iran and the Middle East.

It is more accurate to see modern trends as pulling these diverse cultural worlds into contact — and potential conflict. As nations become increasingly connected and electronic channels of communication multiply, the potential for miscommunication multiplies. Thus, hundreds of millions of people around the globe can come to critical and damaging misunderstandings of the United States and its policies — almost instantly.

From this perspective, the increasingly important role of exchange programs in public diplomacy can be seen. Only through knowledge of the underlying values and principles of American society can we expect opinion-makers in other nations to understand our actions. Equally importantly, our effective use of television and other sophisticated new public diplomacy tools demands that we understand the cultural worlds we seek to reach through them. The Fulbright, International Visitor, Humphrey Fellowship, and other programs administered by the U.S. Information Agency provide the channels for sustained and direct communication and genuine understanding between the United States and other nations through which these public diplomacy goals can be reached.

One of the tremendous advantages of educational exchanges as a tool for public diplomacy is the way they contribute to so many other important goals at the same time. While fulfilling fundamental public diplomacy needs, international exchanges serve as an important means to increase trade by bringing foreign participants into contact with U.S. products, services, and firms. They are crucial in stimulating development abroad by building vital human resources needed for economic growth. They stimulate the expansion of scientific knowledge by encouraging communication between international research centers. Educational exchanges greatly enhance American international competence by bringing our students and scholars into direct contact with foreign languages and cultures.

The growing importance of educational exchanges in modern public diplomacy is further demonstrated by the increasing priority given them by other nations.

The case of the Soviet Union and its Eastern European allies is most noteworthy. The General Accounting Office estimates that 83,500 foreign students were studying in the U.S.S.R. and Eastern Europe on government scholarships in 1982. By 1984, according to State Department data reported last May, this number had increased by nearly 10,000 to almost 93,000. (Both figures do not include the large number of students from developing nations studying in Cuba). The growing number of future leaders of developing nations receiving educational scholarships from the Soviet bloc represents a major concern to the long-term foreign policy interests of the United States.

How do U.S. programs compare? In 1984 approximately 13,500 students were studying on our campuses under U.S. government sponsorship. Through AID and USIA initiatives this figure will approach 20,000 this year, still far short of either the size or rate of growth of Soviet programs. In addition to these carefully selected, high-caliber students receiving U.S. scholarships, there are more than 300,000 foreign students enrolled in our colleges and universities who do not receive primary support from the U.S. Government. This large group of 'self-sponsored' students offer very important public diplomacy opportunities for which we should (but do not) take full advantage. Even if one considers both self-sponsored and government-sponsored students, however, crucial U.S. interests are not currently met in many key nations. This is clear from the following table, comparing the total number of students from selected nations in Soviet bloc institutions with the total number in U.S.

institutions (both U.S. Government-sponsored and those sponsored by other sources) during the 1984/85 academic year.

Country	Students in U.S.S.R./E. Europe	Total Students in U.S.
Costa Rica	1,580	567
Dominican Republic	1,045	590
Greece	4,600	4,163
Jordan	9,365	5,774
Morocco	1,110	659
Senegal	395	152
Sudan	2,160	589
Togo	430	45
Tunisia	830	551
Zambia	875	382

The Soviet Union is by no means the only major nation interested in scoring public diplomacy victories with educational scholarships. For example, the Japanese have recently embarked on an extremely ambitious program to increase enrollments of foreign students. Prime Minister Nakasone has directed government agencies to implement programs to eventually bring ten times as many foreign students to Japanese institutions.

Effectiveness

Alumni of the Fulbright Program, International Visitors Program, the Humphrey North-South Fellowship Program, and other USIA exchange programs fill influential positions around the world. Forty-five currently serving heads of state have participated in these programs. The International Visitors Program alone has brought 659 cabinet-level ministers to the United States. Several recent research findings are significant in going beyond these impressive facts to show how exchange programs really work in critical world regions as a public diplomacy tool:

Building Links With Latin American Educators A new study of Latin American scholars returning from U.S. government-sponsored graduate programs demonstrates the long-term benefits of these investments in building ties with the academic mentors of future generations. The study, conducted by the Latin American Scholarship Program of American Universities (LASPAU) with support from AID, shows:

o Twenty-five (25) percent conduct collaborative research with their U.S. universities upon their return.

o Seventy (70) percent maintain regular contact with their former professors, advisors, and others in U.S. academic institutions.

o Ninety-five (95) percent have returned to university employment upon completing their studies in the U.S.

o Upon return participants exercise significantly more leadership in their departments and become much more involved in community affairs than prior to their U.S. study programs.

Developing Leadership in South Africa Since 1979 the South African Education Program, funded by U.S. Government and private sector contributions and administered by the Institute of International Education, has brought more than 300 black South Africans to the U.S. for educational programs. A 1985 study of the impact on participants reveals how effective these programs can be in creating future leaders able to guide their societies on moderate, peaceful paths:

o Although poorly prepared by the educational system in South Africa, these students were able to compensate for their academic deficiencies and succeeded in their U.S. programs.

o Participants left the United States with greatly enhanced self-confidence and feelings of personal worth, particularly in working with individuals of other races.

o Upon their return, program alumni found appropriate positions to use their new skills, even though "for some, the job search was protracted (complicated by "group areas" regulations), demoralizing and frustrating."

o Students retained a strong sense of their South African identity and a resolve to return to contribute positively to their society. As one student put it upon returning to South Africa, "I came back with a strong sense of being South African . . . . This place is part of me. . . . I was longing to be back here. . . ."

Creating High-Level Influence in Asian Democracies Since 1946, the Fulbright Program has provided grants for 6,500 Japanese students and scholars to come to the U.S. for educational programs. A 1982 study gives a very strong indication of how that investment is paying off, showing that 34 of Japan's ambassadors around the world were Fulbright alumni and that the presidents of sixteen of its major universities were former Fulbrighters.

Recommendations

Although fiscal realities make it difficult to contemplate major new international exchange initiatives, we believe the United States must continue to improve and strengthen its vital international exchange links with other nations. Our national security and future place in the world depend upon it. Toward this goal, the Liaison Group concludes this statement with several recommendations.

Complete the Pell Amendment Rebuilding Program Most importantly, it is crucial for Congress to reaffirm its commitment to the effort initiated by this Committee through Section 305 of P.L. 97-241 to rebuild the Fulbright and other major U.S. Information Agency exchange-of-person programs. These programs make contributions toward our national security which outweigh their modest costs many times over. We urge the Committee to include provisions in its authorization bill requiring completion of the original Pell Amendment program during fiscal year 1988 and continuing the process of strengthening USIA exchange programs in subsequent years through regular, incremental funding increases.

Strengthen USIA's Support for Youth Exchanges and Exchanges of Self-sponsored Students USIA conducts vital activities supporting the nation's infrastructure for youth exchanges through its International Youth Exchange Office and for university-level exchanges through its Division of Student Support Services. Both programs are funded from USIA's Salaries and Expenses account and neither was included in the Pell Amendment rebuilding program.

Youth exchanges are the foundation for educational exchanges at all subsequent levels, building awareness of other cultures, language skills, and international bonds at a crucial formative age. The infrastructure for youth exchange, built and largely maintained with non-government resources, needs U.S. Government support if is to expand exchange opportunities for young people from all sectors of American society and from other nations.

As mentioned above, more than 300,000 foreign students are currently enrolled in U.S. programs who are paying for their educations with their own resources. Among the many world leaders who received their educations in the United States as such self-sponsored exchange participants are President Corazon

C. Aquino of the Philippines (BA, Mt. St. Vincent College, '53) and the new President of Colombia, Virgilio Barco, (BA, Boston University, '52; MS, Massachusetts Institute of Technology, '54). Although the United States has a great public diplomacy stake in maintaining this flow of students and in ensuring that they have strongly positive experiences of the United States, the U.S. Government currently invests less than ten dollars per student per year toward these goals. With these funds, USIA serves a crucial role in providing information and advising services abroad for prospective students, supporting enrichment programs to integrate foreign students into our communities, and helping to prepare higher education institutions to deal with their unique needs, etc.

Both of these programs are in jeopardy due to the fiscal pressures on USIA's Salaries and Expenses account and current USIA priorities for allocating these funds. In 1984, the General Accounting Office recommended that options be explored ". . . for making the best use of limited federal training resources to complement and bolster the significant private sector efforts which have traditionally played a key role in international educational exchanges." We urge the Committee to take the lead in doubling these very small but extremely significant programs over the next two fiscal yuears. Such an effort would cost less than $8 million in additional funds annually.

Further Implement the U.S. Scholarship Program for Developing Countries This landmark legislation, passed as Title VI of P.L. 99-93, provides for an extremely important program in a much needed area — scholarship assistance for the highly capable but disadvantaged students of developing nations — and we commend the Committee for its initiative in launching it. We recommend that the Committee support USIA's effort to implement this legislation through the CAMPUS pilot program and recommend development of pilot programs in other world regions. We believe it would be a grave mistake to weaken traditional Agency exchange programs to achieve this, however, and recommend that additional resources be sought for these pilot efforts.

Extend the Notification of Program Grant Process Although we do not have major concerns to present to the Committee regarding improper grant awards, we support continuation of the two-week congressional review process for USIA exchange program grants. Exchange activities must be conducted in ~~a~~

non-political atmosphere if they are to maintain their credibility and effectiveness. The notification process is useful in ensuring that program balance and integrity is maintained.

Extend the Department of State Title VIII Program The Soviet and Eastern European Research and Training Program has, during its short history, already begun to answer the long-felt need for advanced research on the Soviet Union and its Eastern European allies. The support the program has provided to the International Research and Exchanges Board and other organizations has been instrumental in this recovery. Current policy trends in the Soviet bloc seem likely to offer marginally better access and expanded exchange opportunities. We believe the authority for Title VIII should be extended and modestly enhanced to encourage funding at the full level requested in the Department of State's fiscal year 1988 budget request and to allow for additional funds in subsequent years.

Taxation of International Scholarship Awards Recent changes in tax law, made through the Deficit Reduction Act of 1984 and the Tax Reform Act of 1986, have resulted in serious and, we believe, unintented consequences on international exchange programs. For example:

o The combined impact of provisions in these two statutes mean that scholarship recipients from poor developing countries, whose awards are not protected by tax treaties, are taxed at a much higher rate than U.S. students or students from tax treaty nations receiving the same award. This is due to the fact that foreign students cannot reduce their taxable income through the standard deduction and other means.

o Scholarship awards made by foreign governments or other foreign sources are subject to U.S. taxation if the student uses the award at a U.S. educational institution. This policy, we believe, is a senseless disincentive which encourages foreign educational sponsors to send their students to other nations' institutions.

o Fulbright awards to many classes of foreign recipients are subject to new thirty percent withholding requirements, and several classes of exchange participants fall into a tax status which requires payment of taxes at a flat thirty percent rate without benefit of any deductions.

While we support the broad goals of the tax reform effort, we urge the

Committee to investigate the impact of these tax changes on U.S. government and other exchange programs and to seek corrective measures in cooperation with the Senate Finance Committee. We would be happy to provide additional information on this issue to the Committee based upon on research.

Study Abroad Opportunities for U.S. Students in Developing Nations

Although it is extremely important to our future relations with developing nations that American students go abroad to study in these countries, almost all U.S. students continue to go abroad to traditional programs in London, Paris, Heidelberg, etc. Senator Simon has explored possible funding for study in developing countries through use of unpaid debts owed to the U.S. Treasury. We encourage the Committee to examine this proposal further as a promising approach to this vexing problem.

In conclusion, we are extremely grateful to the Committee for allowing us the opportunity to provide our recommendations to you, and for the absolutely essential leadership you have provided in support of strong and vital educational linkages with other nations and peoples. Perhaps more than ever, this support is needed once again. We stand ready to assist the Committee in any way possible.

WHO WATCHES WORLDNET

USIA keeps close track of the number of people actually reached by WORLDNET. After every interactive program, each participating post carefully monitors the local media (television, radio, and press) to observe re-play of material from the broadcast and sends in detailed cables recounting overall media usage. These cables contain estimated audience figures, based on numbers provided by the local media organization or local research firms, for each example of media usage. These figures are then added up to arrive at the total number of people reached through a given interactive program.

By adding together the number of people reached by a series of rebroadcasts of a WORLDNET program, we can arrive at a "gross average audience" resulting from a WORLDNET broadcast. "Gross average audience" is the term used by professional audience rating firms like A.C. Nielsen to indicate the total number of viewers of a single program, including all repeat broadcasts. In other words, when a program is shown more than once, the "gross average audience" is the sum total of the number of viewers for each individual broadcast. In calculating the audience for WORLDNET programs, we also add in the "gross average audience" for any radio re-broadcasts of the program and the circulation figures of any newspapers that carried stories reporting on the program.

The following examples from the 1986 WORLDNET program year show just how large the audiences can be when high-ranking, newsworthy guests appear on WORLDNET:

-- Secretary of State George Shultz (Europe): 37 million

-- Secretary of Defense Caspar Weinberger: (Europe and Asia): 51.6 million

-- Ambassador Max Kampleman (Europe): 24.6 million

-- Secretary of Commerce Malcolm Baldrige (Asia): 21.7 million

-- U.S. Trade Representative Clayton Yeutter (Latin America): 26.6 million

In order to track the cumulative impact of WORLDNET around the world, we regularly add together the gross average audiences of WORLDNET programs over a period of time. A recent review of the audience figures for WORLDNET interactive programs showed that, since the service started in November, 1983, the cumulative audience figure (sum of the gross average audiences for each program) was approximately 4.1 billion. The 308 programs that had been conducted as of January 1, 1987 resulted in over 164 hours of television coverage around the world.

Earlier last year, our technique for calculating WORLDNET audience figures was reviewed by the Office of the USIA Inspector General, who concluded that the methodology used was correct and the figures calculated at that time were accurate within a margin of approximately four percent.

It should be pointed out that, while WORLDNET is ideally suited to reach mass audiences with authoritative statements from high ranking policy and opinion makers, it has also proven its extraordinary value as a vehicle for more narrowly-focused discussion between specialists in a given field.

This has been extremely useful for us in arranging programming with top-ranking professionals in the arts and sciences -- individuals who may not have the time to travel overseas in person to participate in USIA programs, but who can easily spare an hour or two for a WORLDNET appearance from our Washington studios. We have arranged some outstanding culturally-oriented programs along these lines over the past year, including:

-- J. Carter Brown, Director of the National Gallery of American Art, talking with European art critics and museum curators;

-- Joseph Papp, Director of the New York Shakespeare Festival, talking with theater professionals in Latin America;

-- Distinguished American novelist Walker Percy, discussing his work with American literature students and academics in Paris;

-- Internationally renowned pollster George Gallup, discussing public opinion research with Brazilian specialists in the field;

-- American National Theater Director Peter Sellars, addressing European audiences on international influences on the American theater.

PROGRAM IN AND BUDGET IN BRIEF--FISCAL YEAR 1988--
UNITED STATES INFORMATION AGENCY

A. BACKGROUND

1. Mission

The success of our nation in the international arena depends on how well our actions and intentions are understood by the rest of the world. We must make clear where we stand on the major issues of our time. We must affirm the ideas and aspirations underlying our national purposes. We must express our confidence, as the leader of those who enjoy freedom, and our pride, as the beacon of those who seek freedom. This is the role of the United States Information Agency, and to this end USIA plays a central role in the conduct of our foreign policy.

The Agency's specific tasks are to:

1) Strengthen foreign understanding and support for United States policies and actions;

2) Advise the President, the Secretary of State, members of the NSC and other key officials on the implications of foreign opinion for present and contemplated United States policies;

3) Promote and administer educational and cultural exchange programs for the purpose of facilitating international understanding and the national interest of the United States;

4) Unmask and counter disinformation attempts to distort or to frustrate the objectives and policies of the United States;

5) Cooperate with private American institutions and interests to increase the quality and reach of United States public diplomacy;

6) Assist in the development of a comprehensive policy on the free flow of information and international communication;

7) Conduct negotiations on information and educational and cultural exchanges with other governments.

The Agency's mission is to serve the national interest, as a vital part of the foreign policy mechanism of the United States. In pursuit of this goal, it operates on the fundamental principle that the United States must speak the truth clearly, vigorously and, above all, persuasively.

2. Authority and Organization

The United States Information Agency in its current configuration was established by Reorganization Plan No. 2 of 1977 and began operations on April 1, 1978. Its basic legislative mandate derives from the Smith-Mundt Act of 1948 and the Fulbright-Hays Act of 1961. The purpose of the Smith-Mundt Act is to "increase mutual understanding between the people of the United States and the people of other countries"; it also prohibits dissemination within the United States of materials produced for distribution overseas. The Fulbright-Hays Act delineates how the nation's educational and exchange program should be administered. The USIA Director, Deputy Director, four Associate Directors and Inspector General are appointed by the President and confirmed by the Senate. The organization of the Agency is displayed on the following page.

3. Budget

Our 1988 budget request totals $941.9 million and 9,402 positions, an increase of $94.9 million and 32 positions over our 1987 appropriation, as augmented by a proposed supplemental request of $17.7 million.

Reductions in 1987 - The years 1981-1986 saw a steady growth in USIA's budget, which allowed a deliberate, thoughtful recovery from the deep budget cuts of the 1970's. Regrettably, that trend was reversed in 1987. Serious budget cuts totaling $52.0 million and some 300 positions in our two principal operating accounts alone forced programmatic cuts throughout USIA. As a consequence of this budget reduction:

The Voice of America reduced broadcasts by 113 hours weekly, or 9 per cent, in 6 languages -- the largest single cut since the 1950s.

Further VOA cuts in staff, purchase order talent, and other areas will reduce the quality and depth of VOA broadcasts across the board.

The Agency has closed twelve posts and centers abroad, including such key European centers as Antwerp and Trieste, and posts in Guayaquil, Ecuador and Kano, Nigeria. We have also deferred planned branch post openings at two key locations, and made extensive staff and program activity funding cuts at most of our other posts.

The International Youth Exchange Program was cut by 28 percent. Other exchange programs, including the International Visitors and Academic Exchange programs, were reduced.

Most program support for the overseas missions was also cut substantially. For example, book programs were cut by over 19 percent; centerpiece exhibits, by 38 percent; American speakers, by 11 percent; and visual and performing arts, by 10 percent.

Budget for 1988 - The USIA FY 1988 budget request totals $941.9 million, an increase of $94.9 million over enacted amounts and pending supplementals. Most of the increase is for built-in requirements to maintain reduced program levels; very little is for program enhancements.

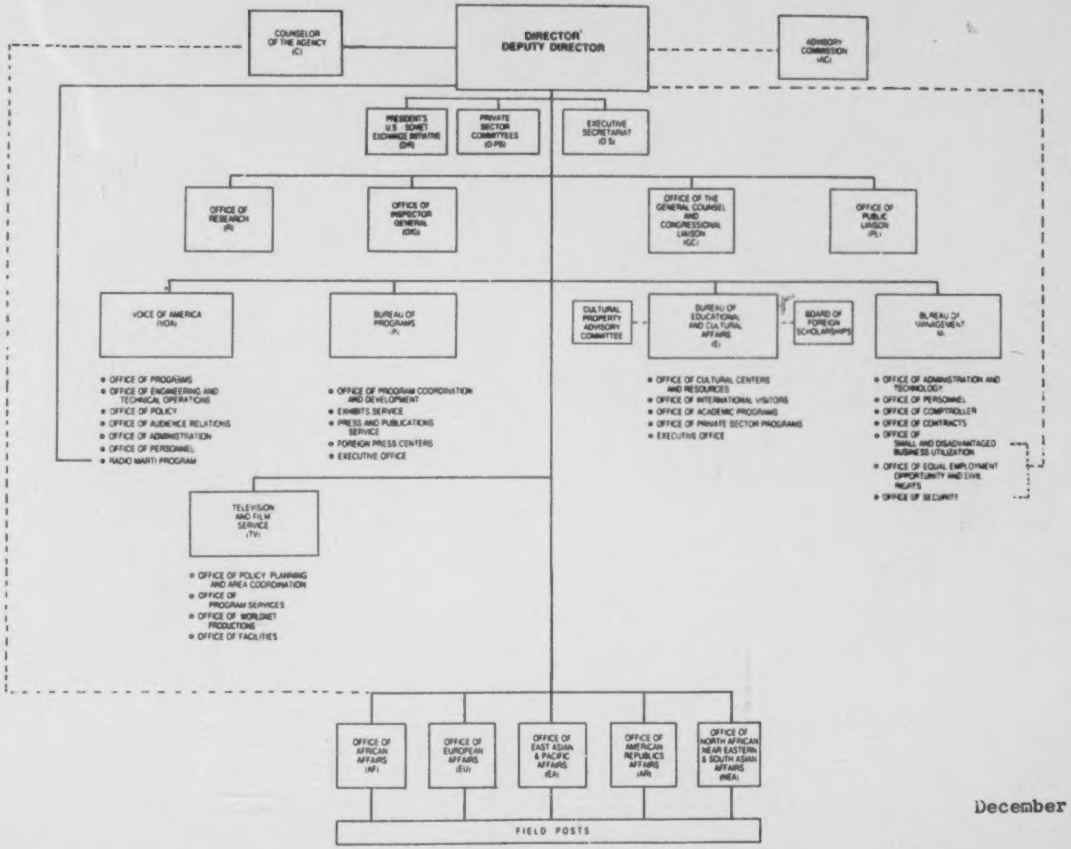
Some $84.9 million of the increase is for the Agency's basic programs. Of this amount, $77.2 million -- or 91 percent -- will be devoted to maintaining ongoing activities including new retirement and pay costs, overseas cost increases, and the multi-year effort to modernize the Voice of America. The balance ($7.7 million) is requested to complete a worldwide network for the Agency's dramatically effective interactive television program, WORLDNET ($6.7 million), and enhance Agency exchange programs ($1.0 million).

An additional increase of $10.0 million is requested for the National Endowment for Democracy, $9.4 million of which will be used to enhance the Endowment's programs.

In an historical context, even with these proposed increases, the Agency's operating budget will still be almost 6 per cent below the 1967 level when expressed in constant dollars. Staffing will be 25 per cent below the level of two decades ago.

USIA is America's face on the world, and this year the world presents us with opportunities and challenges which must be addressed now. The Soviets are competing with us -- very successfully -- in radio, in exchanges, in television and other media exposure. In this climate, we cannot retract, but rather we must remain competitive. USIA, the U.S. Government's principal resource in the arena of ideas, plays a strategic

UNITED STATES INFORMATION AGENCY (USIA)


COUNSELOR OF THE AGENCY (C)
DIRECTOR/ DEPUTY DIRECTOR
ADVISORY COMMISSION (AC)
PRESIDENT'S U.S.-SOVIET EXCHANGE INITIATIVE (DR)
PRIVATE SECTOR COMMITTEES (D-PB)
EXECUTIVE SECRETARIAT (D S)
OFFICE OF RESEARCH (R)
OFFICE OF INSPECTOR GENERAL (OIG)
OFFICE OF THE GENERAL COUNSEL AND CONGRESSIONAL LIAISON (GC)
OFFICE OF PUBLIC LIAISON (PL)
VOICE OF AMERICA (VOA)
• OFFICE OF PROGRAMS
• OFFICE OF ENGINEERING AND TECHNICAL OPERATIONS
• OFFICE OF POLICY
• OFFICE OF AUDIENCE RELATIONS
• OFFICE OF ADMINISTRATION
• OFFICE OF PERSONNEL
• RADIO MARTI PROGRAM
BUREAU OF PROGRAMS (P)
• OFFICE OF PROGRAM COORDINATION AND DEVELOPMENT
• EXHIBITS SERVICE
• PRESS AND PUBLICATIONS SERVICE
• FOREIGN PRESS CENTERS
• EXECUTIVE OFFICE
CULTURAL PROPERTY ADVISORY COMMITTEE
BUREAU OF EDUCATIONAL AND CULTURAL AFFAIRS (E)
• OFFICE OF CULTURAL CENTERS AND RESOURCES
• OFFICE OF INTERNATIONAL VISITORS
• OFFICE OF ACADEMIC PROGRAMS
• OFFICE OF PRIVATE SECTOR PROGRAMS
• EXECUTIVE OFFICE
BOARD OF FOREIGN SCHOLARSHIPS
BUREAU OF MANAGEMENT (M)
• OFFICE OF ADMINISTRATION AND TECHNOLOGY
• OFFICE OF PERSONNEL
• OFFICE OF COMPTROLLER
• OFFICE OF CONTRACTS
• OFFICE OF SMALL AND DISADVANTAGED BUSINESS UTILIZATION
• OFFICE OF EQUAL EMPLOYMENT OPPORTUNITY AND CIVIL RIGHTS
• OFFICE OF SECURITY
TELEVISION AND FILM SERVICE (TV)
• OFFICE OF POLICY PLANNING AND AREA COORDINATION
• OFFICE OF PROGRAM SERVICES
• OFFICE OF WORLDNET PRODUCTIONS
• OFFICE OF FACILITIES
OFFICE OF AFRICAN AFFAIRS (AF)
OFFICE OF EUROPEAN AFFAIRS (EU)
OFFICE OF EAST ASIAN & PACIFIC AFFAIRS (EA)
OFFICE OF AMERICAN REPUBLICS AFFAIRS (AR)
OFFICE OF NORTH AFRICAN NEAR EASTERN & SOUTH ASIAN AFFAIRS (NEA)
FIELD POSTS

December 1986

role in America's security. In this context, the President has directed the Agency to communicate clearly the truth about the United States, its policies and objectives, and to counter a formidable, increasingly sophisticated global campaign of propaganda and distortion by the Soviet Union.

4. Personnel

Current authorized staffing for USIA, from all appropriations, totals 9,370 positions, consisting of 5,462 American personnel and 3,908 foreign nationals hired locally in countries abroad. Of the Americans, 1,040 are assigned overseas and 4,422 are based in the United States, principally at the Voice of America in Washington, D. C. These U.S.-based personnel conduct the broadcasting operations of VOA -- including the Radio Marti Program -- and of the Television and Film Service, coordinate the educational and cultural exchange programs, maintain centers to assist foreign journalists assigned to the U.S., produce Agency publications, films, exhibits and other support materials for field posts, recruit speakers to go abroad in the extensive American Participants Program, and provide central program direction, management, and administrative services for the Agency as a whole.

5. Means of Communication

The United States Information Agency utilizes the following means of communication to carry out its mission:

Personal Contact: Agency officers serving abroad in 206 posts and 127 countries provide the most direct and substantive personal links with opinion makers in other countries. They serve as spokespersons for the Embassies, and, through lectures, seminars and symposia, they also promote contacts between foreign leaders and visiting American experts in a wide variety of fields each year. They promote cultural presentations and exhibits, work to secure press coverage for U.S. policy makers, and from their wide range of contacts in foreign societies, help to select grantees and exchanges for study in the U.S. Agency-operated centers for foreign journalists in Washington, New York and Los Angeles perform a similar contact function by facilitating the work of the journalists in the U.S.

Radio: The Voice of America (VOA) is USIA's radio broadcasting service. By the end of FY 1987, VOA will be transmitting 1,098 3/4 hours of programming a week in English and 41 other languages via short-wave and medium-wave transmission to an estimated 130 million listeners. The backbone of the programming is news and news-related materials, but there are also programs to reflect the essence of American society and institutions and American thought in a balanced, comprehensive way.

VOA utilizes a total of 115 active transmitters in the U.S. and overseas, generating a total power of 25.2 million watts. VOA and field-produced radio programs are also made available to foreign radio stations for retransmission in many countries. USIA has undertaken a multi-year program to rehabilitate and modernize existing facilities, to expand selected operational sites, and to construct new facilities.

Design and subsystem acquisition activities are now underway for planned stations in Morocco, Sri Lanka, Thailand and Botswana. The first of four leased 500 kilowatt transmitters will be installed this year in the Federal Republic of Germany by that country's Post and Telecommunications Ministry (Deutsche Bundespost).

In terms of relay station operations, a second temporary Central American medium-wave (standard AM band) facility began service in September, 1986, in Belize. This station enables VOA's medium-wave signal to reach listeners in portions of Guatemala, Honduras, Nicaragua and Costa Rica. The first Central American medium-wave station went on the air in Quesada, Costa Rica in January, 1985.

VOA publishes Voice Magazine, a bi-monthly English-language publication designed to provide VOA listeners with programming information as well as information about VOA operations and American society, in order to expand VOA's audience and improve the receptivity of this audience to VOA broadcasts.

Radio Broadcasting to Cuba: The Voice of America's Radio Marti Program, began broadcasting 14 1/2 hours per day on May 20, 1985. On February 10, 1986, the program expanded to 17 1/2 hours per day.

The purposes of the Radio Marti Program, as set forth in Public Law 98-111, are 1) to further open communication of information and ideas to the people of Cuba; 2) to serve as a consistently reliable and authoritative source of accurate, objective, and comprehensive news; 3) to broadcast programs which present a variety of views; 4) to function in accordance with all Voice of America standards; and 5) to promote the cause of freedom in Cuba.

News, correspondents' reports, backgrounders, roundtables, documentaries, feature programs, and music comprise the daily broadcasts. A Program and News Bureau located in Miami produces programming material from sources unique to that area.

The Cuban media is continuing to adapt itself to compete with Radio Marti. Sweeping changes in official Cuban radio were announced on July 1, 1985, six weeks after Radio Marti went on the air. On that day, Radio Rebelde made 26 program changes and Radio Progreso made 29. Cuban television programming was expanded, particularly in the evenings, in an apparent attempt to draw listeners from Radio Marti, and an unprecedented number and variety of popular western movies are being broadcast.

Exchanges: USIA operates a number of programs of educational and cultural exchange. The broad purpose of these programs is to increase mutual understanding by giving citizens of other countries a better understanding of the U.S. and by giving the American people a more accurate perception of other cultures. The exchanges fall into the following categories.

Academic Exchanges: The best known of these, the Fulbright Academic Exchange Program, will involve the exchange of about 6,200 U.S. and foreign students, research scholars, and lecturers during academic year 1987-8. The program is under the supervision of the Presidentially appointed twelve-member Board of Foreign Scholarships. Other academic exchange programs include exchanges of secondary school teachers, linkages between U.S. and foreign educational institutions, and the Hubert H. Humphrey Program under which promising mid-career professionals from Third World countries receive a year of specially-designed academic study and practical work-related experience. An important new program to provide undergraduate training for economically disadvantaged Central American students began during the 1985-86 academic year. The program provides intensive English language training and up to two years of undergraduate study for these students at accredited American colleges and universities. The initial group consisted of 154 students.

International Visitors: Over 2,800 invitations will be extended during 1987 by U.S. Embassies abroad to foreign leaders for short-term visits to this country. Over half of the selectees participate in multi-regional and other group projects emphasizing mutual concerns in political, economic, media, academic and other professional areas. The others have individually tailored itineraries. Professional programs are also arranged for an additional 2,300 influential foreigners visiting the U.S. on their own initiative each year. Forty-two sitting heads of state or heads of government are alumni of this program. Programs are prepared in cooperation with several private contract organizations and with the volunteer assistance of thousands of Americans in community groups across the country. The majority of these are members of 101 volunteer groups forming the National Council of International Visitors (NCIV).

Cooperation with Private Sector Organizations: This activity provides selective assistance and grant support to non-profit activities of tax-exempt organizations and institutions that work in parallel with the Agency's mission and that are designed to promote mutual understanding between the people of the U.S. and other countries. Projects supported include international people-to-people exchange components with a lasting impact on the participants. This category includes support for the Eisenhower Exchange Fellowship program.

Congress-Bundestag Exchange Project: This project represents a joint commitment by the legislative branches of the governments of the U.S. and the Federal Republic of Germany to the annual exchange of youth.

International Youth Exchange Program: This program is designed to increase the level and improve the quality of exchanges of young people age 15 to 25 between the U.S. and other nations.

Study of the United States: The Agency supports academic programs abroad relating to the study of America and provides liaison between American and foreign universities, academic associations and scholars. It also provides for or facilitates English language instruction at overseas posts and binational centers.. The Agency has initiated an English Language Teaching by Broadcast project for the production of 26 television programs, 52 radio programs and ancillary teaching materials. Approximately 400,000 foreign citizens attend English-language classes at USIA-assisted facilities abroad.

Libraries and Books: USIA maintains and/or supports libraries in American centers, reading rooms and binational centers in 95 countries. USIA also assists foreign publishers in the publication for distribution overseas of important books, adaptations, condensations and serializations in foreign languages. USIA has worked with a prestigious group of book professionals to develop a plan to reinvigorate the U.S. book program abroad to combat a Soviet cultural offensive characterized by massive distribution of books and other publications.

Library and book activities provide materials that will help people in foreign countries learn about the United States, the American people, U.S. history and culture.

Television and Film Service: This service produces and distributes material overseas to help advance U.S. foreign policy and individual country program objectives. USIA-produced or acquired programs are shown in theatres or on television, at special invitational screenings in U.S.

Embassies, binational cultural centers, libraries, universities, and elsewhere via closed-circuit TV or direct projection. Much of this material is translated into foreign languages such as Spanish, Portuguese, French, Arabic and Chinese. Special television programs are produced and distributed in other countries through cooperative arrangements with foreign producers. Facilitative assistance is also given to many foreign television and motion picture crews visiting the United States to report on the many aspects of the American way of life and the democratic process for use in foreign broadcasts.

In FY 1986, USIA continued to enhance its ability to reach worldwide audiences through its television network, expanding its WORLDNET satellite television system in July, 1986 to include regular weekly transmissions, in both Spanish and Portuguese, to Latin America. At the end of December, 12 Latin American posts had been equipped with television antennas (TVROs). Antenna installations are continuing on a regular basis and installations are expected to be completed at all 35 sites in that area by the end of FY 1987. As of December, 1986 the two-hour daily WORLDNET telecast to Europe was being received by 32 embassies/USIS posts. A total of 95 cable systems and 121 hotels in 11 European countries are carrying up to two hours of these daily feeds. Additional hours of programming to Europe and Latin America are planned for 1987.

WORLDNET interactive programs have reached 79 countries in Europe, Africa, Latin America, East Asia and the Near East. WORLDNET is recognized both here and abroad as a communications tool of revolutionary importance. Top ranking reporters in virtually every major country have participated in WORLDNET interactive programs. From the first telecast in November, 1983, through December 31, 1986, WORLDNET has broadcast 308 programs resulting in over four billion gross cumulative viewer impressions.

The new WORLDNET magazine which incorporated the biweekly "Telecommunications Update" was produced and over 7,000 copies distributed worldwide in September to 153 posts. This magazine encourages readers to become part of the WORLDNET network and updates them on the U.S. leadership role in this fast-changing technology.

The newly instituted video library program expanded the role of home videotape products in the USIA media outreach program. Quality American programming available for home loan has dramatically increased our capability to provide inexpensive media products using the new half-inch video technology. A total of 105 posts are currently participating in this project. Approximately 7,000 tapes were ordered by overseas posts during FY 1986. The video libraries have proved most successful in East European countries, and have helped to increase book loans at Embassy Libraries.

Press: Currently, a seven-day-a-week computer-to-computer and radioteletype transmission called the Wireless File carries official texts, policy statements and interpretive material to 206 USIA posts and State Department facilities overseas. Each of the five regionalized transmissions averages between 20,000 and 25,000 words in English. There are also Spanish, French, and Arabic language versions. In the spring of 1988 we plan to expand the file to make it available 24 hours per day, seven days per week to at least six European posts with more posts gaining access in future months. Material will be transmitted electronically directly to selected newspaper and other media in countries worldwide. In addition, features, byline articles, reprints from U.S. publications and photographs are regularly mailed to all posts. This material is used for the background information of U.S. Mission personnel abroad, for distribution to foreign leaders, and for media placement abroad.

Publications: USIA publishes or supports the publication of 14 magazines in 20 languages which are printed at the Regional Service Center in Manila. The contents consist of reprints from the best of American periodicals as well as staff-written and commissioned articles. Pamphlets, leaflets, printed exhibits and posters also are distributed in more than 100 countries. The principal publications are:

America Illustrated, a monthly magazine in Russian distributed in the USSR; Topic, published six times a year in English and French for sub-Saharan Africa; Al Majal, a monthly published in Arabic for Near East and North African countries; Dialogue, a quarterly journal of American thought and culture, in English and eleven other languages; Economic Impact, a quarterly in English, Spanish and Portuguese; and Problems of Communism, a scholarly bi-monthly magazine in English and Spanish.

Exhibitions: The Agency develops, produces and/or operates a number of exhibits each year, including solo exhibitions and participation in selected major international trade fairs and U.S. Government exhibitions in events outside the U.S. that are sanctioned by the Bureau of International Expositions. Public exposure at these exhibitions ranges from 50,000 to 4 million visitors, depending on the size and location of the exhibition. In closed societies, major exhibits often provide the only public exposure to American ideas and culture. The U.S. was represented at the Vancouver Expo in 1986 and will be represented at the Brisbane Expo in 1988. As part of the U.S.-USSR Cultural Exchange Agreement, we will begin a nine-city tour of the USSR with the "Information USA" exhibit in the spring of 1987. USIA also produces a number of smaller exhibit projects for USIS posts worldwide.

Program Development: This activity includes the American Participants Program, which sends speakers abroad on a wide variety of subjects, and the Arts America program, which sends fine arts exhibitions, performing artists, and other representatives of the world of art abroad. Arts America will also carry out cultural exchanges under cultural accords that were recently negotiated with the USSR, as well as other bilateral cultural exchange agreements such as those with China and Hungary. Program development also includes the Sports America program, initiated in 1984, which sends coaches, technical specialists, prominent sportspersons, and, occasionally, a team abroad.

This activity also recruits speakers who meet their audiences electronically, via satellite hookups or other means of audio or video connections. These programs give audiences, groups, selected individuals and experts abroad an opportunity to experience directly the variety of American knowledge and culture.

Finally, this activity is charged with administering a Congressionally-mandated project to establish an Afghan media program. This project will assist the representatives of a free Afghanistan in improving their ability to make their plight known to the world.

Research: The USIA Office of Research, reporting to the Director, conducts assessments of foreign attitudes, foreign media commentary, and communications issues. These activities are carried out in support of the Director's statutory role as advisor to the President, the Secretary of State and the National Security Council "on assessments of the impact of (U.S.) foreign policy decisions on public opinion abroad." The Research Office also evaluates Agency programs at the request of the Director or Agency elements to provide program guidance on Agency activities.

Research memos, reports, briefing papers, and foreign media analyses are sent to the White House, foreign affairs agencies, and other interested departments and agencies of the Government. Research reports are available to interested scholars and others at 30 depository libraries throughout the country.

East-West Center: The Center for Cultural and Technical Interchange between East and West in Hawaii, an autonomous institution of learning for Americans and for the peoples of Asia and the Pacific, promotes better understanding through cooperative programs of research, study, and training. The Agency serves a liaison function with the Center and provides an annual grant to the Center from funds appropriated to the Agency.

National Endowment for Democracy: The National Endowment for Democracy (NED) is a private, non-profit corporation established in the District of Columbia in 1983 to encourage and strengthen the development of democratic institutions and processes internationally. NED receives an annual grant from funds appropriated to USIA.

B. SUMMARY OF OVERALL 1988 APPROPRIATION REQUEST

1. Comparison of 1988 Request with 1987 Appropriations

Continuing Agency operations are financed from six appropriations: Salaries and Expenses, Educational and Cultural Exchange Programs, Radio Construction, Radio Broadcasting to Cuba, East-West Center, and the National Endowment for Democracy. For fiscal year 1988, the Agency is requesting appropriations totaling $941.9 million.

The appropriations requested are shown on the following page:

2. Explanation of 1988 Increase

This 1988 budget request of $941.9 million is proposed by the Administration to enable USIA to consolidate its program capabilities at the reduced level necessitated by serious reductions in its 1987 budget. The increase of $94.9 million over our 1987 appropriation augmented by our pending supplemental, is requested in 1988 to meet net additional operating costs for USIA staff and programs that will continue in effect throughout 1988. The increases are requested to cover such built-in costs as foreign national wage increases, inflationary changes in rents and other costs, and the full-year costs of the new Federal retirement systems and the January 4, 1987 Federal pay raise. Added funds are also requested to continue the multi-year revitalization of the Voice of America's facilities and programs; to complete WORLDNET coverage worldwide; to enhance Educational and Cultural Exchange Programs; and to enhance the programs of the National Endowment for Democracy.

In 1987, Agency staffing totals 9,370. A net increase of 32 positions is requested in 1988 for the Voice of America's modernization effort and to staff WORLDNET expansions.

United States Information Agency

Comparison of 1988 Request with 1987 Appropriation
(dollars in thousands)

Appropriations	1986 Appropriations	1987 Appropriations	1988 Request	Increase or Decrease (-), 1987-1988
Salaries and Expenses:				
Enacted Appropriation and 1988 Request..........	$550,347	$572,000	$641,705	$69,705
Proposed supplementals:				
Federal Pay Raise, Effective Jan. 4, 1987.....	--	2,691	--	-2,691
Enactment of FERS and FSPS Retirement Systems.	--	5,443	--	-5,443
Cost of Endowing U.S.-Pakistan Fund...........	--	598	--	-598
Exchange Rate Loss Compensation...............	--	7,500	--	-7,500
Total..	550,347	588,232	641,705	53,473
Educational and Cultural Exchange Programs........	134,458	145,000	152,500	7,500
Radio Construction:				
Current Appropriation and 1988 Request..........	105,198	46,000	90,000	44,000
Indefinite Appropriation (Contingent Liability).	--	20,000	--	-20,000
Total.......................................	105,198	66,000	90,000	24,000
Radio Broadcasting to Cuba:				
Enacted Appropriation and 1988 Request..........	10,240	11,250	12,652	1,402
Proposed Supplementals:				
Enactment of FERS and FSPS Retirement Systems.	--	516	--	-516
Costs of Interference Claims..................	--	993	--	-993
Total...	10,240	12,759	12,652	-107
East-West Center................................	19,858	20,000	20,000	--
National Endowment for Democracy.................	17,226	15,000	25,000	10,000
Grand Total:				
Enacted Appropriations and 1988 Request:				
Current Appropriation..........................	837,327	809,250	941,857	132,607
Indefinite Appropriation (Contingent Liability)	--	20,000	--	-20,000
Total, Enacted Approp. and 1988 Request......	837,327	829,250	941,857	112,607
Proposed Supplementals........................	--	17,741	--	-17,741
Enacted Appropriations, Pending Supplementals, and 1988 Request.............................	837,327	846,991	941,857	94,866

The following table summarizes the requested 1988 funding change. Additional details on both funding and staff changes follow this table.

United States Information Agency

Explanation of Change
1987 Appropriation to 1988 Request
($ in thousands)

	Salaries and Expenses	Educational & Cultural Exchanges	Radio Construction	Radio Marti Program	East-West Center	National Endowment for Democracy	Total
1987 Appropriation, as Enacted Under P.L. 99-500 and P.L. 99-591:							
Current..........................	$572,000	$145,000	$46,000	$11,250	$20,000	$15,000	$809,250
Indefinite.......................	--	--	20,000	--	--	--	20,000
Total, 1987 Enacted Appropriations	572,000	145,000	66,000	11,250	20,000	15,000	829,250
Proposed Supplementals:							
Federal Pay Raise.................	2,691	--	--	--	--	--	2,691
New Federal Retirement Systems....	5,443	--	--	516	--	--	5,959
U.S.-Pakistan Fund................	598	--	--	--	--	--	598
Costs of Interference Claims......	--	--	--	993	--	--	993
Exchange Rate Loss Compensation...	7,500	--	--	--	--	--	7,500
Estimated 1987 Appropriations...	588,232	145,000	66,000	12,759	20,000	15,000	846,991
1988 Changes:							
Full-year costs of Federal Pay Raise, Retirement Systems, and Other Built-in Pay and Benefit Changes....	17,463	--	--	1,222	--	--	18,685
Wage and Price Increases and other Built-in Changes..............	29,272	6,540	--	-1,329	--	615	35,098
Added Needs to Continue VOA Modernization Program...........	--	--	24,000	--	--	--	24,000
Program Enhancements................	6,738	960	--	--	--	9,385	17,083
Total 1988 Changes................	53,473	7,500	24,000	-107	--	10,000	94,866
1988 Request........................	641,705	152,500	90,000	12,652	20,000	25,000	941,857

Cost Increases and other Mandatory Changes:	
Price increases	$18,493,432
Increased costs due to enactment of the Federal Employees' Retirement System (FERS) and Foreign Service Pension System (FSPS)	13,864,000
Foreign national wage increases	5,670,870
Full year costs of 1987 Federal pay raise ($2,360,200) and other built-in salary and benefit changes	4,820,454
Full-year costs of continuing the Voice of America's staff and program modernization (12 positions)	4,634,889
Full-year costs of continuing WORLDNET networks begun in 1987 ($5,203,318) partially offset by one-time 1987 equipment costs ($-205,000)	4,998,318
Increase in Federal Building Fund Rent System charges levied by the General Services Administration	4,097,698
Restoration of the Central American Undergraduate Scholarship Program to its initial level	1,810,600
Terrestrial transmission costs associated with the television station established in Berlin (RIAS-TV) in 1987	1,700,000
FY 1988 costs of Special International Exhibitions, primarily for the USSR	1,294,797
Full-year savings of programmatic reductions made in 1987	-4,835,625
Non-recurring costs associated with support for the 1987 Pan American Games	-1,500,000
Non-recurring costs of compensation for Cuban interference with domestic radio broadcasting	-993,000
Net changes in other costs of continuing programs (-26 positions)	-273,579
Subtotal, Cost Increases and Mandatory Changes	53,782,854
VOA Modernization	
Continue modernization and expansion of VOA facilities	$24,000,000
Agency Program Enhancements	
Complete WORLDNET networks (46 positions)	6,737,970
Expand Agency exchange programs	960,000
National Endowment for Democracy Enhancements	9,385,000
Subtotal, Enhancements	17,082,970
Total, Requested 1988 Increase	94,865,824

Details of Cost Increases and Other Mandatory Changes

Price increases, $18,493,432.

The cost of conducting public diplomacy continues to escalate, especially overseas, with substantial increases reflected in the cost of rents, utilities, diesel fuel, supplies and materials, and contractual services. This increase will help defray these additional costs for Agency operations around the world. It consists of $3,887,935 for rents, utilities, and other local operating costs for Overseas Missions; $7,229,400 for educational and cultural exchange programs; $3,217,927 for Voice of America operations; and $4,158,170 for other Agency programs.

Increased costs due to enactment of the Federal Employees' Retirement System (FERS) and Foreign Service Pension System (FSPS), $13,864,000.

The Federal Employees' Retirement Act of 1986, P.L. 99-335, establishes new retirement programs for Federal civilian employees hired after December 31, 1983, and for employees under the existing Civil Service and Foreign Service Retirement Systems who choose to transfer in. Unlike the old systems, these new systems will be fully financed by agency and employee contributions beginning January 1, 1987, which will greatly increase agency contributions. Supplemental funding of $5,959,000 is requested elsewhere in this document to cover the 1987 requirement, and this increase would meet the anticipated 1988 need.

Foreign national wage increases, $5,670,870.

This increase will provide $1,999,234 to annualize wage increases authorized at various times during 1987 for the foreign nationals employed at our posts abroad and VOA relay stations and correspondent bureaus abroad. It will also provide $3,671,636 to meet foreign national wage increases expected to be authorized in 1988 in various countries to permit the United States to maintain comparability with prevailing wage scales in these areas.

Full-year costs of 1987 Federal pay raise ($2,360,200) and other built-in salary and benefit changes, $4,820,454.

This increase is requested to provide for the full-year costs of the January 4, 1987 Federal pay raise and wage-board rate increases in FY 1987 ($2,360,200). The remainder of the increase would fund within-grade advancements, an additional extra day's pay, and FICA and Medicare increases ($2,460,254).

Full-year costs of continuing the Voice of America's staff and program modernization (12 positions) $4,634,889.

This net increase will provide for the continuation of the VOA's modernization program. Specifically, it will provide $1,405,977 for completion of sites associated with VOA's Caribbean initiative; $1,213,693 for salaries and operational costs necessary for ongoing site staff work at relay stations abroad associated with the modernization effort (primarily Thailand, Morocco, Sri Lanka, and Botswana); $620,000 for supplies and maintenance associated with VOA's new computerized text processing system (SNAP); $583,209 for completion costs of a new world-wide operations control center in Washington; $378,000 for satellite broadcast space rental; $184,200 to annualize 1987 enhancements to the Creole feed to Haiti; and $440,000 to provide special coverage of the U.S. Presidential elections, Olympics, and other special events occurring in 1988. These increases are partially offset by net decreases totalling $190,190 for one-time 1987 costs associated with the modernization effort and other adjustments.

Full-year costs of continuing WORLDNET networks begun in 1987 ($5,203,318) partially offset by one-time 1987 equipment costs ($-205,000), $4,998,318.

WORLDNET has proved to be one of the Agency's most effective means of countering massive Soviet disinformation. Since its inception in November 1983 as a modest experiment linking Washington to five European cities, WORLDNET can now reach 79 foreign countries. Expansion will continue throughout 1987; the Agency plans to add an additional 2 hours per day to our widely-viewed European broadcast beginning April 22, 1987, and add an additional hour per day to our newly-inaugurated service to Latin America beginning July 1, 1987. This increase will allow for the full-year operation of these networks in 1988 (Europe, $3,123,114; Latin America, $2,080,204). This increase is partially offset by net non-recurring one-time costs of equipment purchases for the Television and Film Service totalling $205,000.

Increase in Federal Building Fund Rent System charges levied by the General Services Administration, $4,097,698.

This increase is the result of a rate increase in Federal Building Fund Rent System charges for domestic office and specialized space levied by the General Services Administration. These increases cover the following locations: USIA Building, $1,305,859; Health and Human Services - North Building, $1,348,370; Patrick Henry Building, $548,026; all other locations, $895,443.

Restoration of the Central American Undergraduate Scholarship Program to its initial level, $1,810,600.

This program, initiated in 1985, provides an educational opportunity for young Central Americans of limited financial means to study at U.S. institutions of higher education. In 1986, a total of 154 students were awarded scholarships of up to thirty months of study in the U.S. In 1987, we plan to evaluate the program and, given a favorable result, to proceed with the recruitment and placement of a small group of 90 new Central American students. The requested increase will allow us to support 154 students again in 1988, which the Agency believes to be the preferred level necessary to maintain a viable program in the region.

Terrestrial transmission costs associated with the television station established in Berlin (RIAS-TV) in 1987, $1,700,000.

USIA's 1987 budget for Radio Construction contains $12,000,000 for construction of a radio station in Berlin (RIAS-TV). This will enable us to communicate by television with audiences in West and East Berlin and the German Democratic Republic, with all the immediacy and impact provided by that medium.

RIAS-TV will follow the RIAS radio analogy in funding and organization; the U.S. will provide a one-time capital investment for plant and equipment, and pay transmission costs on a continuing basis. Payment of these transmission costs maintains the "American" status of the station, which is essential to U.S. interests. All other operating costs, estimated at $25 to $30 million annually, will be funded by the German Government.

FY 1988 Costs of Special International Exhibitions, primarily for the USSR, $1,294,797.

This net increase results from 1988 costs of $2,520,556 for exhibits in support of the President's cultural accords with the

Soviet Union, offset in part by non-recurring 1987 costs for the international expositions in Brisbane ($-1,183,279) and other exhibitions ($-42,480).

Full-year savings of programmatic reductions made in 1987, $-4,835,625.

Reductions to USIA's 1987 budget forced significant program and personnel reductions Agency-wide. These cuts will occur throughout fiscal year 1987, resulting in partial savings for that fiscal year. This amount represents the full-year 1988 savings.

Non-recurring costs associated with support for the 1987 Pan-American Games, $-1,500,000.

A total of $1,500,000 was appropriated to USIA to support international participation in the Pan American Games in Indianapolis, Indiana during the summer of 1987. These funds will not be needed in 1988.

Non-recurring costs of compensation for Cuban interference with domestic radio broadcasting, $-993,000.

Supplemental funds totalling $993,000 for payment of claims certified by the Federal Communications Commission resulting from Cuban interference with broadcasting in the United States prior to the inception of Radio Marti broadcasts are requested in 1987. This is a one-time expense, and these funds will not recur in 1988.

Net change in other costs of continuing programs, (-26 positions) $-273,579.

This net decrease results from all other built-in changes for continuing the program levels effected by the end of 1987 throughout 1988, exclusive of the amounts identified above. Major decreases result from non-recurring costs associated with the Radio Marti Program (-4 positions); a decrease in new appropriation requirements for the Eisenhower Exchange Fellowship Program; non-recurring 1987 costs of the President's summit in Iceland; and cutbacks in Foreign Service entry-level hiring (-22 positions). Partially offsetting increases include funds for the continuation of the Agency's English-Teaching by Broadcast project; renewal of multi-year leases due in 1988; an increase in space requirements to accommodate Television and Film Service expansion; improvements to the Agency's Wireless File, and added renovations and refurbishment of overseas posts and centers.

Details of VOA Modernization

Continue modernization and expansion of VOA facilities, $24,000,000.

In 1983, the Agency began a multi-year effort to modernize and expand the Voice of America's transmission facilities, to replace antiquated and obsolete facilities, and to upgrade the capabilities of its global network. In 1988, a net increase of $24,000,000 is requested to continue this effort.

This increase will be used primarily to fund ongoing efforts at relay stations in Morocco, Sri Lanka, Thailand, Botswana, and in the Caribbean ($47,000,000). An additional $9,000,000 will be devoted to modernizing studios in Washington ($3,000,000) and for continuing maintenance on our existing capital plant ($6,000,000). These increases are partially offset by one-time non-recurring 1987 costs of establishing a television station in Berlin (RIAS-TV, $-12,000,000), and by a required one-time 1987 obligation of $20,000,000 to cover the contingency termination or cancellation costs of a transmission facility being built by the Federal Republic of Germany for use by the Voice of America.

Details of Agency Program Enhancements

Complete WORLDNET Networks, (46 positions) $6,737,970.

WORLDNET has proved to be one of the Agency's most potent weapons in the fight to counter massive Soviet disinformation. Since its inception in November 1983 as a modest experiment linking Washington to five European cities, WORLDNET can now reach 79 foreign countries.

Not only is WORLDNET a diplomatic tool of proven worth, it is, without question, the wave of the future, and USIA is on the leading edge. Both Cuba and the USSR have made overtures into this field, and we must press our advantage by completing this global network. This will represent a sound investment in America's arsenal of diplomatic weapons.

As discussed elsewhere in this document, expansion will continue through 1987, and by 1988 we plan to complete the global WORLDNET network. Specifically, the 1988 funds will provide for new networks to Southeast Asia ($1,638,800 and 4 positions), East Asia ($3,410,457 and 32 positions) and Africa ($1,688,713 and 10 positions).

Expand Agency Exchange Programs, $960,000.

This increase would support the Administration's objective of a peaceful transition to a more representative system in South Africa by expanding the Agency's exchange programs with that country ($560,000). In addition, we are requesting $400,000 to strengthen the U.S. domestic International Visitor infrastructure (program agencies and community groups) to enable it to improve the quality of program services provided to International Visitors -- over 2800 in 1988.

National Endowment for Democracy Enhancements, $9,385,000.

This increase will provide major new program development and enhancements to programs initiated during the Endowment's initial years of operation. The increase is based on an assessment of program potentials and takes into account worldwide and regional institutional capabilities. The Endowment is developing and funding programs in five substantive areas: (1) pluralism, (2) democratic governance and political processes, (3) education, culture, and communications, (4) research, and (5) international cooperation.

3. Explanation of Proposed Supplemental Funding for 1987

The Agency has requested supplemental funding totalling $17,741,176 in two appropriation accounts, Salaries and Expenses ($16,232,176) and Radio Broadcasting to Cuba ($1,509,000). These funds are requested for the purposes described below.

FY 1987 costs of January 4, 1987 Federal pay raise and 1987 wage board increases, $2,691,000.

This increase in Salaries and Expenses is requested to provide for the FY 1987 costs of the three percent January 4, 1987 pay raise for Federal workers, wage-board rate increases in FY 1987, and related costs. USIA pay costs in 1987 will total $6,603,600. This supplemental request will meet only 41 percent of this need; the Agency will absorb the remaining 59 percent from its already reduced 1987 base.

Costs due to the enactment of the Federal Employees' Retirement System (FERS) and Foreign Service Pension System (FSPS), $5,959,000.

The Federal Employees' Retirement Act of 1986, P.L. 99-335, establishes new retirement programs for Federal civilian employees hired after December 31, 1983, and for employees under the existing Civil Service and Foreign Service Retirement Systems who choose to transfer in. Unlike the old systems, these new systems will be fully financed by agency and employee contributions beginning January 1, 1987, which will greatly increase agency contributions. Supplemental funding of $5,959,000, (Salaries and Expenses, $5,443,000; Radio Broadcasting to Cuba, $516,000) is requested to cover this requirement for 1987. Additional funds totalling $13,864,000 are requested elsewhere in this document to meet the 1988 need. Projections for membership in the new systems are based on OMB guidance.

Costs of endowing the United States-Pakistan Fund for Cultural, Educational and Scientific Cooperation, $598,176.

USIA seeks appropriation authority in its Salaries and Expense account to use U.S. Government-owned Pakistani Rupees totaling Rs. 10,264,703 generated by the Agency's former Informational Media Guarantee Program (IMG), to endow a joint United States-Pakistan fund for Educational, Cultural, and Scientific Cooperation (the Fund).

The Fund would be used to support the newly-formed American-oriented National English Language Institute (NELI) in Pakistan. This one-time appropriation of funds represents the full extent of the USG funding commitment. Personnel costs, operating costs, and building space will be provided by the Pakistanis.

Funds necessary for payment of claims resulting from Cuban interference with broadcasting in the United States, $993,000.

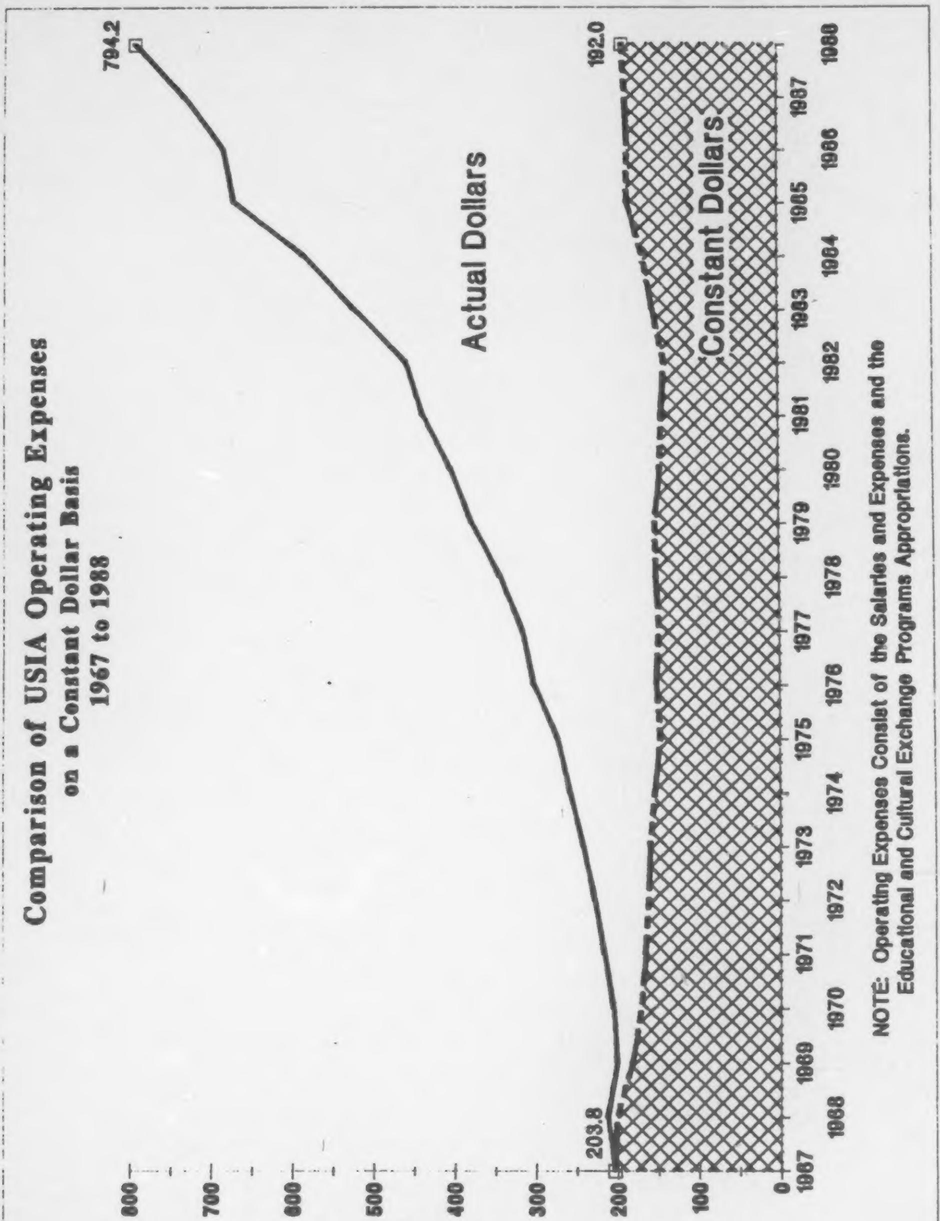
Section 7 of Public Law 98-111, the Radio Broadcasting to Cuba Act, authorizes $5.0 million to be appropriated to USIA for payment of claims resulting from Cuban interference with broadcasting in the United States. To date, claims totaling $1,492,616 have been validated by the FCC. The Agency must pay these claims. A total of $500,000 has been made available for this purpose to date; thus, additional 1987 supplemental funding of $993,000 is needed.

Compensation for exchange rate losses, $7,500,000.

Unfavorable rates of exchange between November, 1985 and November, 1986 have severely affected the purchase power of the dollar abroad. This requested supplemental would compensate the Agency for these net losses. Hardest hit by this dollar erosion were our programs in East Asia and the Pacific, Europe, and VOA operations worldwide where gross losses totaled $9,286,000. Offsetting these losses were savings in Africa, South Asia, and the American Republics totaling $1,786,000, for a net loss of $7,500,000.

4. Comparison of Appropriations and Positions

The following charts depict the history of real operating resources available to USIA for the period 1967 to 1988. The first chart provides a comparison of the combined Salaries and Expenses and Educational and Cultural Exchange Programs appropriations for USIA and its predecessor organizations on a constant dollar basis. It shows that the requested operating level in 1988, while an increase in actual dollars, is really six percent below the 1967 level in terms of real, constant dollars. The second chart provides a comparison of total authorized positions. The 9,402 positions requested for 1988 represent a decrease of 25 percent from the 1967 level.

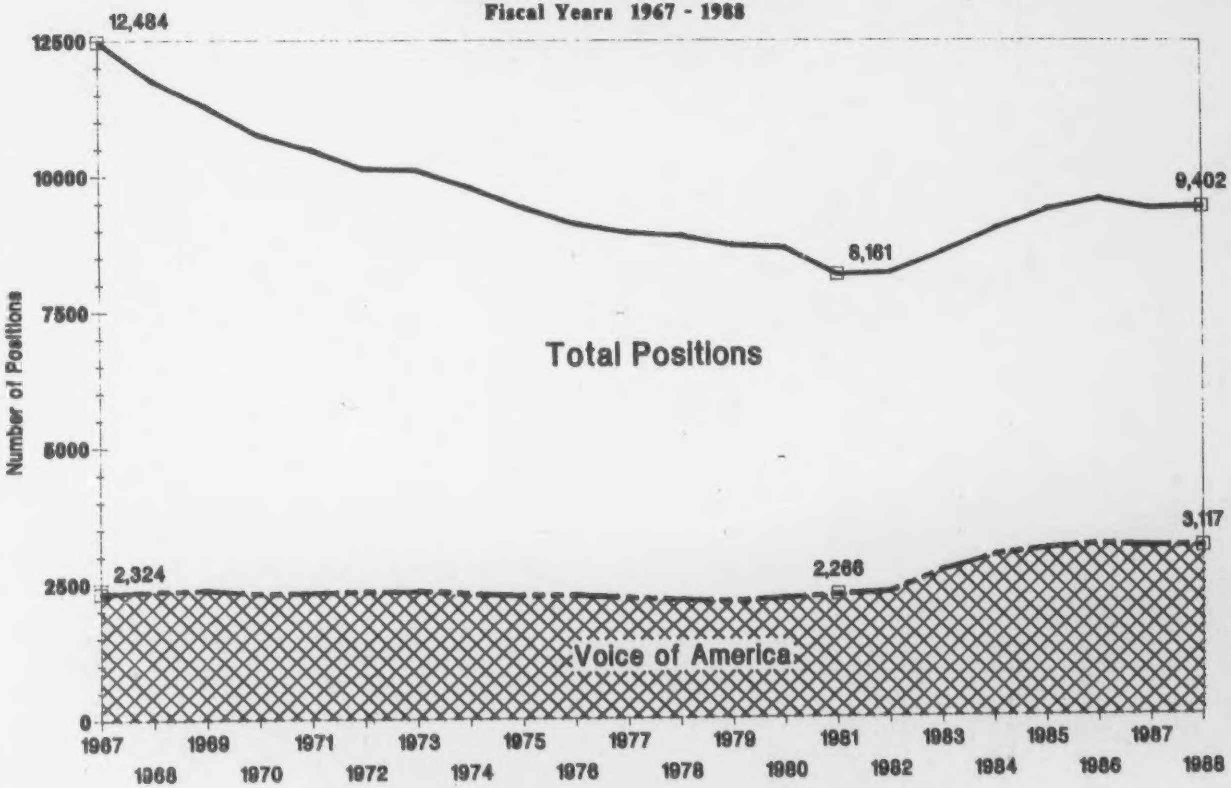


Comparison of USIA Operating Expenses on a Constant Dollar Basis 1967 to 1988

NOTE: Operating Expenses Consist of the Salaries and Expenses and the Educational and Cultural Exchange Programs Appropriations.

History of USIA Positions

Fiscal Years 1967 - 1988



NOTE: Beginning in FY 1984, staffing for the Radio Marti program is included in the positions shown for both "Voice of America" and "Total".

C. SALARIES AND EXPENSES APPROPRIATION

1. General Statement

Agency operations, consisting of the following major elements, are largely financed from the Salaries and Expenses (S&E) appropriation.

Overseas Missions: The Agency operates 206 posts in 127 countries. These overseas missions are organized into five geographic areas and are managed by Washington staffs headed by Area Directors. Officers serving at the overseas posts establish direct and substantive personal links with influential leaders in the countries, administer the exchange-of-persons program, and conduct other informational and cultural programs using materials prepared locally and by the media elements in Washington. This activity also includes expenses for overseas missions that are administered on a world-wide basis, such as area and language training, assignment travel and related costs, and Foreign Service pipeline costs.

FY 1987 Budget Reductions (108 positions, $10,856,308) - The years 1981-1986 saw a modest growth in the overseas missions' budgets, which allowed a slow, but deliberate, recovery from deep budget cuts in the 1970's. Regrettably, that trend was reversed in 1987. Severe budget cuts forced the closing of twelve posts and centers abroad, including such key European centers as Antwerp and Trieste, and posts in Guayaquil, Ecuador and Kano, Nigeria. We have also been forced to defer planned branch post openings at two key locations, and have made extensive staff and program activity funding cuts at most of our other posts.

FY 1988 Budget - The 1988 estimate for the Overseas Missions is $215,284,100. The net increase of $12,254,462 over the 1987 anticipated appropriation is entirely for price increases and other built-in requirements necessary to maintain the 1988 program at the reduced levels mandated by the budget cuts sustained in 1987.

Voice of America: VOA produces radio broadcasts in English and in 41 foreign languages. Utilizing its network of domestic and overseas transmitters, VOA will be transmitting 1,098 3/4 hours of programming each week to an estimated 130 million listeners by the end of FY 1987. VOA-produced radio programs are also made available to local stations in many countries.

FY 1987 Budget Reductions (94 positions, $17,217,239) - Modernization of VOA programming and productions, an Administration priority, is funded from this activity. Steady progress toward this goal had been made during the last few years, but this progress was reversed in 1987. Budgetary stringency forced the elimination of 113 hours from the broadcast schedule, including 7 hours of Russian, 73 1/2 hours of English originations to Western Europe, 4 hours of English to Africa, 3 1/2 hours of French to Africa, 2 hours of Hausa, 2 hours of Swahili, 7 hours of Vietnamese, and 14 hours of other English broadcasting. Vital VOA audience research is being severely cut back. Improvements to signal quality will continue, but at a slower pace. Reductions in our ability to use outside sources for material will degrade program quality.

FY 1988 Budget - The 1988 estimate for the Voice of America is $183,271,100. The net increase of $14,104,751 over the 1987 anticipated appropriation is entirely for price increases and other built-in requirements -- including operational costs associated with the modernization program -- necessary to maintain the 1988 program at the reduced levels mandated by the budget cuts sustained in 1987.

Television and Film Service: This Service distributes material overseas to help advance U.S. foreign policy and individual country program objectives. USIA-produced or acquired programs are shown in theatres or on television, for special invitational screenings at U.S. Embassies, binational cultural centers, libraries, universities, and elsewhere via closed-circuit TV or direct projection. Much of this material is translated into foreign languages such as Spanish, Portuguese, French, Arabic and Chinese.

In FY 1986, USIA continued to enhance its ability to reach worldwide audiences through its television network. WORLDNET interactive programs have reached 79 countries in Europe, Africa, Latin America, East Asia and the Near East. WORLDNET is recognized both here and abroad as a communications tool of revolutionary importance. Top ranking reporters in virtually every major country have participated in WORLDNET interactive programs. From the first telecast in November, 1983 through December 31, 1986, WORLDNET has broadcast 308 programs resulting in over four billion gross cumulative viewer impressions.

FY 1987 Budget Reductions ($1,254,293) - Reductions in 1987 forced cuts in all phases of Agency operations. Even given the high priority assigned to its mission, the Television and Film Service was not exempt. Reductions were made in broadcasts to East Asia, documentaries, coverage of special events, and travel and other support activities.

FY 1988 Budget - The 1988 estimate for the Television and Film Service is $43,989,800. The net increase of $13,598,768 over the 1987 anticipated appropriation will provide for price increases and other built-in requirements -- including full-year costs of WORLDNET network changes effected in 1987 -- totalling $6,860,798. An additional $6,737,970 will provide for the extension of WORLDNET to Southeast Asia ($1,638,800), East Asia ($3,410,457) and Africa ($1,688,713).

Educational and Cultural Affairs: This activity covers staff and related costs required to administer the exchange-of-persons programs funded under the Educational and Cultural Exchange Programs Appropriation discussed in Section D of this document. It also includes funding for the International Youth Exchange Program, support services for foreign students studying in the United States, and aid to American-sponsored schools abroad. In addition, this activity provides support for American studies overseas, for the Agency's world-wide libraries, binational centers, and English-teaching activities, and for distribution and translation of American books overseas.

FY 1987 Budget Reductions (12 positions, $4,384,056) - Reductions in the overall Agency's budget forced substantial reductions in this activity. Examples include the closing of two regional book offices in Bangkok and Paris and three regional library offices in Monrovia, Paris and Santo Domingo. Book programs were cut by over 19 percent.

FY 1988 Budget - The 1988 estimate for the Educational and Cultural Affairs Bureau is $34,371,900. The net increase of $1,629,533 over the 1987 anticipated appropriation is entirely for price increases and other built-in requirements necessary to maintain the 1988 program at the reduced levels mandated by the budget cuts sustained in 1987.

Program Coordination, Production and Support: The Bureau of Programs supports overseas missions by producing, acquiring, and adapting various program materials for their use. Included under this activity are presentations abroad by American participants and through teleconference and video programs; sports experts and performing arts groups; the wireless file, including editorial news and feature stories; pamphlets and periodicals; printing services, supplies and equipment; seminars and conferences on current issues; exhibits and visual materials; special international exhibitions, including those developed and shown under special exchange agreements such as the cultural accords between the U.S. and the Soviet Union; and international expositions, such as the one planned for Brisbane, Australia in April, 1988. The Bureau also operates Foreign Press Centers in Washington, New York, and Los Angeles which assist resident and visiting foreign correspondents through such means as live briefings and facilitation with interview requests.

FY 1987 Budget Reductions (62 positions, $2,644,179) - Program support was cut sharply because of overall Agency budget cuts. For example, centerpiece exhibits were cut by 38 percent; American speakers by 11 percent; and visual and performing arts by 10 percent.

FY 1988 Budget - The 1988 estimate for Program Coordination, Production and Support is $48,803,900. The net increase of $1,445,353 over the 1987 anticipated appropriation is entirely for price increases and other built-in requirements necessary to maintain the 1988 program at the reduced levels mandated by the budget cuts sustained in 1987.

Overseas Drug Information Program: During 1986 USIA anti-drug programming covered a wide spectrum of activities. For 1987, an additional $2,000,000 was provided for this purpose. Planned activities include increased international visitor programming; a public awareness conference in Bangkok; major television treatment of the worldwide scope of the drug abuse crisis and the need for international cooperation to combat it; a detailed pamphlet to be translated into several languages; youth exchange projects from Pakistan, Italy and the Caribbean; support for an Asia-area conference to be hosted by the East-West Center in Honolulu; and U.S. participation in the UN conference on drug abuse and narcotics trafficking.

Agency Direction and Management: This activity encompasses managerial staffs and centralized servicing functions for the Agency as a whole, including the Office of the Director, the Bureau of Management, the General Counsel and Congressional Liaison, the Office of Research, Public Liaison, the Office of the Inspector General, and the Secretariat to the U.S. Advisory Commission on Public Diplomacy. The centralized services include inspection and audit of Agency operations; budgeting and financial services; automated data management; communications; personnel and training; contract and procurement; security operations; equal employment opportunity; and other central management and administrative support. A special staff in the Office of the Director works with private sector committees established to assist the Agency in carrying out and improving its public diplomacy efforts.

FY 1987 Budget Reductions (32 positions, $3,398,027) - Activities in this area were cut substantially due to overall Agency budget cuts. Reductions included a sharp cut in automation activities, especially in support of overseas operations; decreases in travel, security equipment, and administrative support services; and staffing reductions in the areas of personnel, contracting, administrative support, and security.

FY 1988 Budget - The 1988 estimate for Agency Direction and Management is $61,310,800. The net increase of $3,368,087 over the 1987 anticipated appropriation is entirely for price increases and other built-in requirements necessary to maintain the 1988 program at the reduced 1987 support levels.

Administrative Support from Other Agencies: This activity covers payments to the Department of State for administrative services for the Agency's overseas operations and certain special support services at headquarters; to the General Services Administration for rental of space and related costs at domestic locations; and to the Department of Defense for worldwide postal services.

FY 1988 Budget - The 1988 estimate for this activity is $55,123,400. The net increase of $5,552,727 over the 1987 anticipated appropriation is entirely for price increases and other built-in requirements necessary to maintain the 1988 program at the reduced 1987 support levels.

2. Budget Summary

1987 Appropriations:	
As enacted, P.L. 99-500 and P.L. 99-591..	$572,000,000
Proposed Supplementals:	
Pay Raise............................	2,691,000
FERS and FSPS Retirement...............	5,443,000
U.S.-Pakistan Fund....................	598,176
Exchange Rate Loss Compensation........	7,500,000
Total, 1987 Anticipated Appropriation.........................	588,232,176
1988 Request.............................	641,705,000
Net Increase...........................	53,472,824

This increase will enable USIA to make the salary and cost adjustments necessary to consolidate its program capabilities at the reduced level necessitated by serious reductions in its 1987 budget, and will allow a modest increase to complete our vital WORLDNET networks. The table below lists these changes. Details for the Salaries and Expenses, as well as all other USIA appropriations, are described in pages 18 through 22.

Price increases...........................	$10,494,032
Increased costs due to enactment of the Federal Employees' Retirement System (FERS) and Foreign Service Pension System (FSPS)...	12,776,000
Foreign national wage increases............	5,670,870
Full year costs of 1987 Federal pay raise ($2,261,200) and other built-in salary and benefit changes.......................	4,687,154
Full-year costs of continuing the Voice of America's staff and program modernization (12 positions)............................	4,634,889
Full-year costs of continuing WORLDNET networks begun in 1987 ($5,203,318) partially offset by one-time 1987 equipment costs ($-205,000)................	4,998,318

Increase in Federal Building Fund Rent System charges levied by the General Services Administration....................	3,888,698
Terrestrial transmission costs associated with the television station established in Berlin (RIAS-TV) in 1987..................	1,700,000
Costs of Special International Exhibitions, primarily for the USSR.....................	1,294,797
Full-year savings of programmatic reductions made in 1987....................	-4,835,625
Net changes in the cost of continuing programs such as the News Network Communications System and the English Language Teaching by Broadcast project (-22 positions)....................	1,425,721
Subtotal, Cost Increases and Mandatory Changes......................	46,734,854
Extend WORLDNET networks to Southeast and East Asia, and Africa (46 positions)........	6,737,970
Total Requested 1988 Increase...........	53,472,824

3. Ten-Year History of Appropriations

A ten-year history of Salaries and Expenses appropriations and authorized positions on a comparative basis for USIA and its predecessor organizations follows:

	Funds*		
Year	S & E Dollars	S&E SFC Comparability	Total
1979	$373,938,000	$10,124,000	$384,062,000
1980	396,891,000	13,012,000	409,903,000
1981	429,196,000	10,253,000	439,449,000
1982	450,401,000	9,800,000	460,201,000
1983	513,932,000	10,327,000	524,259,000
1984	475,013,000	9,242,000	484,255,000
1985	524,477,000	6,823,596	531,300,000
1986	550,347,000	--	550,347,000
1987**	588,232,176	--	588,232,176
1988	641,705,000	--	641,705,000

	Positions				
	Americans		Foreign National		
Year	Domestic	Overseas	Regular	SFC	Total
1979	3,398	1,042	3,678	592	8,710
1980	3,441	1,043	3,581	591	8,656
1981	3,395	998	3,346	422	8,161
1982	3,456	980	3,340	422	8,198
1983	3,827	977	3,353	424	8,581
1984	3,984	1,022	3,395	424	8,825
1985	4,176	1,103	3,476	424	9,179
1986	4,331	1,097	3,943	--	9,371
1987	4,237	1,040	3,908	--	9,185
1988	4,292	1,018	3,911	--	9,221

* The appropriations shown for years prior to fiscal year 1984 include funds appropriated for traditional Educational and Cultural Exchange Programs. A separate appropriation for these programs was established in 1984.

**Includes supplemental request of $16,232,176.

4. Summary by Program Activity

The following tables provide a summary of the 1986 appropriation and the 1987 and 1988 estimates for the Salaries and Expenses account by program activity.

Salaries and Expenses
Summary of Resources by Program Activity

(dollars in thousands)

Activity	1986 Actual	1987 Estimate*	1988 Estimate	Increase/ Decrease
Overseas Missions:				
East Asia and Pacific.........	$31,269	$31,796	$34,086	$2,290
Africa.........................	24,369	25,267	26,202	935
North Africa, Near East and South Asia...............	29,826	31,196	32,158	962
American Republics............	27,459	27,716	30,210	2,494
West Europe..................	42,807	46,375	48,191	1,816
Soviet Union and East Europe..	13,281	15,430	18,693	3,263
World-Wide Mission Costs......	23,254	25,250	25,744	494
Total, Overseas Missions...	192,265	203,030	215,284	12,254
Voice of America................	162,906	169,166	183,271	14,105
Television and Film Service.....	25,098	30,391	43,990	13,599
Educational and Cultural Affairs	34,824	32,742	34,372	1,630
Program Coordination, Production and Support........	38,618	47,358	48,804	1,446
Overseas Drug Information Program...........	--	2,000	2,000	--
Agency Direction and Management.	58,871	57,943	61,311	3,368
Administrative Support from Other Agencies...........	40,858	49,571	55,123	5,552
Total, Direct Funds (Comparative Basis).......	553,440	592,201	644,155	51,954
Balances and Other Items......	-3,093	-3,969	-2,450	1,519
Total Appropriation (Comparative Basis)...........	550,347	588,232	641,705	53,473
Reconciliation to Appropriations as Enacted:				
Proposed Supplementals......	XXX	-16,232	XXX	XXX
1987 Appropriations as Enacted..	XXX	572,000	XXX	XXX

* Includes proposed supplemental of $16,232,176.

Salaries and Expenses
Summary of Positions by Program Activity

Activity	1986 Actual	1987 Estimate	1988 Request	Increase/ Decrease
Overseas Missions:				
East Asia And Pacific....	699	690	690	--
Africa..................	501	487	487	--
North Africa, Near East, and South Asia..........	860	846	846	--
American Republics.......	738	728	728	--
West European Program....	792	761	761	--
Soviet Union and East Europe.................	253	245	245	--
World-Wide Complement....	222	219	197	-22
Total, Overseas Missions	4,065	3,976	3,954	-22
Voice of America...........	2,975	2,924	2,936	12
Television and Film Service	319	369	415	46
Educational and Cultural Affairs.................	413	401	401	--
Program Coordination, Production and Support...	697	645	645	--
Agency Direction and Management..............	902	870	870	--
Total, Positions.........	9,371	9,185	9,221	36

D. EDUCATIONAL AND CULTURAL EXCHANGE PROGRAMS APPROPRIATION

1. General Statement

USIA operates a number of programs of educational and cultural exchange. The broad purpose of these programs is to increase mutual understanding by giving citizens of other countries a better understanding of the U.S. and by giving the American people a more accurate perception of other cultures. The exchanges fall into the following categories.

Academic Exchanges: The best known of these, the Fulbright Academic Exchange Program, will involve the exchange of about 6,200 U.S. and foreign students, research scholars and lecturers during academic year 1987-88. The program is under the supervision of the Presidentially appointed twelve-member Board of Foreign Scholarships. Other academic exchange activities include exchanges of secondary school teachers, linkages between U.S. and foreign universities, and the Hubert H. Humphrey Program under which promising mid-career professionals from Third World countries receive a year of specially-designed academic study and practical work-related experience.

In 1985, we instituted a scholarship program for undergraduates to provide an educational opportunity for young Central Americans of limited financial means to study at U.S. institutions of higher education. This program is designed to address the shortages of skilled professionals in the region as outlined in the Report of the National Bipartisan Commission on Central America. In 1986, a total of 154 students were awarded scholarships of up to thirty months of study in the U.S. In

1987, we plan to evaluate the program and, given a favorable result, to proceed with the recruitment and placement of 90 new Central American students. In 1988, we plan for the program to operate again at the level of 154 students.

International Visitors: Over 2,800 invitations will be extended during 1987 by U.S. Embassies abroad to foreign leaders for short-term visits to this country. About half of the selectees participate in multi-regional and other group projects emphasizing mutual concerns in political, economic, media, academic and other professional areas. The others have individually tailored itineraries. Professional programs are also arranged for an additional 2,300 influential foreigners visiting the U.S. at their own expense each year. Programs are prepared in cooperation with several private contract organizations and with the volunteer assistance of thousands of Americans in community groups across the country. The majority of these are members of 101 volunteer groups forming the National Council of International Visitors (NCIV).

Cooperation with Private Sector Organizations: The Agency extends financial aid to private American organizations when their program objectives abroad complement and enhance those of USIA -- increasing mutual understanding among people. This category includes support for the Eisenhower exchange fellowship program.

Congress-Bundestag Exchange Project: This project represents a joint commitment by the legislative branches of the U.S. and the Federal Republic of Germany to the annual exchange of youth.

Staff and support funds for the activities funded under this appropriation are contained in the Salaries and Expenses account discussed in Section C of this document.

2. Budget Summary

1987 Appropriations, P.L. 99-500 & P.L. 99-591	$145,000,000
1988 Request................................	152,500,000
Increase..................................	7,500,000

The net increase is requested to provide $6,540,000 for built-in requirements, including $7,229,400 for inflationary cost increases in 1988 and $1,810,600 to increase the Central American Undergraduate Scholarship Program to 154 students from the planned 1987 level of 90. These increases are partially offset by non-recurring costs of $2,500,000, including funds to support the Pan-American Games held in the United States in 1987 ($1,500,000) and the Eisenhower Exchange Fellowship Program ($1,000,000).

A program enhancement of $960,000 is also requested. This increase would support the Administration's objective of a peaceful transition to a more representative system in South Africa by expanding the Agency's exchange programs with that country ($560,000). In addition, we are requesting $400,000 to strengthen the U.S. domestic IV infrastructure (program agencies and community groups) to improve the quality of program services provided to IV grantees -- over 2800 in 1988.

3. History of Appropriations*

A history of appropriations for the Educational and Cultural Exchange Programs Appropriation follows:

Year	Funds
1984	$102,058,000
1985	131,175,000
1986	134,458,000
1987	145,000,000
1988 Request	152,500,000

4. Summary by Program Activity

Activity	1987 Appropriations	1988 Request	Increase
Academic Exchanges....	$86,969,269	$92,011,267	$5,041,998
International Visitor Program..............	38,403,979	40,705,784	2,301,805
Central America Undergraduate Scholarship Program..............	3,000,000	4,965,871	1,965,871
Hubert H. Humphrey Fellowships..........	4,470,356	4,701,920	231,564
Congress-Bundestag Exchange Program.....	2,426,396	2,536,833	110,437
Private Sector Programs.............	9,730,000	7,578,325	-2,151,675
Total..............	145,000,000	152,500,000	7,500,000

* Prior to FY 1984, the educational and cultural exchange programs were funded in the Salaries and Expenses Appropriations.

E. RADIO CONSTRUCTION APPROPRIATION

1. General Statement

This appropriation, which is available until expended, provides funds to maintain, improve, or construct new Voice of America transmitting facilities as follows:

Acquisition and Construction of Facilities: Funds under this activity are utilized for continuation of the multi-year effort to construct new facilities, to expand and rehabilitate selected operational sites, and to rent broadcasting facilities. In addition, 1987 funding is specifically provided for the design and construction of TV broadcasting facilities in the West Berlin American Sector (RIAS-TV).

Systems Analysis and Development: This category provides funds for the evaluation and adaptation of evolving radio broadcasting technology for VOA applications.

Maintenance and Improvement of Existing Facilities: Funds appropriated for this activity are used for repairs and maintenance of existing worldwide VOA facilities, and for the modernization of Washington broadcasting studios.

2. Budget Summary

1987 Appropriations As Enacted, P.L. 99-500 & P.L. 99-591:	
Current Appropriation	$ 46,000,000
Indefinite Appropriation (Contingent Liability)	20,000,000
Total, 1987 Appropriation	66,000,000
1988 Request	90,000,000
Net Increase	24,000,000

In fiscal years 1983 through 1987, funds were appropriated to initiate a multi-year plan to modernize and expand the Voice of America's transmission facilities, to upgrade the Voice's capabilities to provide a global broadcasting network capable of meeting current public diplomacy objectives and to respond to new political developments. In 1987, available funds, including $142,061,003 from prior years will be applied principally to the procurement of transmitters and other RF sub-system components for the modernization projects already underway. In 1988, a net increase of $24,000,000 is requested to continue this effort.

The 1988 request includes $79,500,000 to initiate the antenna subsystem and general construction contracts for the four broadcasting stations in Botswana, Morocco, Sri Lanka, and Thailand; to begin general construction contracts for the Caribbean/Central American relay sites; and to enhance site security at existing relay stations. The 1988 request also includes $500,000 for continuing systems analysis and development as well as $10,000,000 for continuing maintenance and repair of existing facilities, modernizing broadcasting studios, and acquiring additional automated news and programming equipment.

3. Ten-Year History of Appropriations

A ten-year history of appropriations for the Radio Construction account follows:

Year	Funds
1979	$19,685,000
1980	2,400,000
1981	2,562,000
1982	19,000,000
1983	35,800,000
1984	31,000,000
1985	91,648,000
1986	105,198,000
1987	66,000,000
1988 Request	90,000,000

4. Summary by Program Activity

(in thousands)

	1987 Appropriation	1988 Request	Increase or Decrease (-)
Acquisition and Construction of Facilities...............	$64,500*	$ 79,500	$15,000
Systems Analysis and Development.................	500	500	--
Maintenance and Improvement of Existing Facilities......	1,000	10,000	9,000
Total Appropriation....	66,000	90,000	24,000

*Includes $12,000,000 specified for design and construction of TV broadcasting facilities in West Berlin (RIAS-TV), and $20,000,000 as indefinite authority to cover a contingency termination liability in connection with facilities in the Federal Republic of Germany.

F. RADIO BROADCASTING TO CUBA APPROPRIATION

1. General Statement

The Voice of America: Radio Marti Program, began broadcasting 14 1/2 hours per day on May 20, 1985. On February 10, 1986, the program expanded to 17 1/2 hours per day.

The purposes of the Radio Marti Program, as set forth in Public Law 98-111, are 1) to further open communication of information and ideas to the people of Cuba; 2) to serve as a consistently reliable and authoritative source of accurate, objective, and comprehensive news; 3) to broadcast programs which present a variety of views; 4) to function in accordance with all Voice of America standards; and 5) to promote the cause of freedom in Cuba.

News, correspondents' reports, backgrounders, roundtables, documentaries, feature programs, and music comprise the daily broadcasts. A Program and News Bureau located in Miami produces programming material from sources unique to that area.

The Cuban media is continuing to adapt itself to compete with Radio Marti. Sweeping changes in official Cuban radio were announced on July 1, 1985, six weeks after Radio Marti went on the air. On that day, Radio Rebelde made 26 program changes and Radio Progreso made 29. Its television programming was expanded, particularly in the evenings, in an apparent attempt to draw listeners from Radio Marti, and an unprecedented number and variety of popular western movies are being broadcast.

2. Budget Summary

1987 Appropriations:	
as enacted, P.L. 99-500 and P.L. 99-591	$11,250,000
Proposed Supplementals:	
Federal Retirement System.................	516,000
Compensation for Cuban Interference with Domestic Radio Broadcasting.............	993,000
Total, 1987 Anticipated Appropriation.........	12,759,000

1988 Request................................	12,652,000
Decrease....................................	-107,000

This net decrease results from decreases totaling $1,328,300, consisting of $131,000 in salary cost savings due to the abolition of four positions at the Marathon Relay Site as a result of installation of remote control equipment; $204,300 in utility cost savings due to installation of a separate air conditioning system; and $993,000 in one-time non-recurring costs for compensation to commercial broadcasters due to Cuban interference.

These decreases are partially offset by increases in salary costs to provide $99,000 for the full year cost of the January 4, 1987 Federal pay raise, $1,088,000 for the full-year cost of new Federal employees' retirement systems, $24,840 for an additional extra day's pay, and $9,460 for within-grade increases.

3. History of Appropriations

Year	Funds	Domestic Positions
1984	$10,000,000	178
1985	8,500,000	187
1986	10,240,000	187
1987	12,759,000	185
1988 Request	12,652,000	181

G. EAST-WEST CENTER APPROPRIATION

1. General Statement

This appropriation provides for the operation and maintenance in Hawaii of the Center for Cultural and Technical Interchange between East and West. This Center is a national educational institution administered on behalf of the Agency by a public non-profit corporation chartered by the State of Hawaii. The Center, established by the Congress under Public Law 86-472, promotes better relations and understanding between the United States and nearly 60 nations of Asia and the Pacific through cooperative programs of research, study and training. The program activities of the Center are carried out through four problem-oriented institutes in which staff and participants work on such concerns as communication across national boundaries, resource systems, population dynamics, and the impact of technological policies on the environment within and across national boundaries. The problems provide the program content about which participants from East and West exchange ideas and views, give and receive training, and learn to cooperate as they work together toward the solution of these problems. The professional staff of the Center provides the framework, content, and continuity for the widespread multinational participation in Center programs and for cooperative relationships with universities and other institutions in Asia, the Pacific area, and throughout the United States.

2. Budget Summary

1987 Appropriations, P.L. 99-500 & P.L. 99-591	$20,000,000
1988 Request................................	20,000,000
Change................................	--

No increase is requested in 1988. However, within the total allowance, the Center will accommodate mandatory increases totalling $469,000, including $128,000 for within-grade salary increases; $186,000 for the increased costs of participants; and $155,000 for inflationary increases in the costs of supplies, materials, and other services. The Center anticipates that these will be offset by additional revenues generated from outside sources, eliminating the need for programmatic reductions that would otherwise be necessary.

3. Ten-Year History of Appropriations

A ten-year history of appropriations for the East-West Center account follows:

Year	Funds
1979	13,500,000
1980	14,667,000
1981	15,750,000
1982	16,880,000
1983	18,000,000
1984	18,362,000
1985	19,000,000
1986	19,858,000
1987	20,000,000
1988 Request	20,000,000

H. NATIONAL ENDOWMENT FOR DEMOCRACY APPROPRIATION

1. General Statement

The National Endowment for Democracy is a private, non-profit corporation established in the District of Columbia to encourage and strengthen the development of democratic institutions and processes internationally, including activities which promote individual rights and freedom, through private sector initiatives, exchanges, training programs, and other activities. The Agency provides funds appropriated for the Endowment through an annual grant. The Endowment does not carry out programs directly but provides funding for activities of the Free Trade Union Institute of the AFL-CIO, the National Chamber Foundation of the U.S. Cnamber of Commerce, and other private organizations and groups.

2. Budget Summary

1987 Appropriations, P.L. 99-500 & P.L. 99-591	$15,000,000
1988 Request..................................	25,000,000
Increase..................................	10,000,000

This increase will provide $615,000 for inflationary cost increases in 1987, and $9,385,000 to fund new program development and enhancements to programs begun during the Endowment's initial years of operation. The increase is based on an assessment of program potentials worldwide and takes into account both regional program potential and institutional capabilities. The Endowment is developing and funding programs in five substantive areas: (1) pluralism, (2) democratic governance and political processes, (3) education, culture, and communications, (4) research, and (5) international cooperation.

3. History of Appropriations

Year	Funds
1984	$18,000,000
1985*	18,500,000
1986	17,226,000
1987	15,000,000
1988 Request	25,000,000

* In 1985, funds for NED, totaling $18,500,000, were appropriated as part of the Agency's Salaries and Expenses account.

4. Summary by Program Activity
($ in thousands)

Program Categories	1987 Estimate	1988 Estimate	Increase or Decrease (-)
Pluralism..............	$ 7,110	$10,810	$ 3,700
Democratic Governance & Political Processes.	3,725	6,815	3,090
Education, Culture & Communications.....	2,686	5,487	2,801
Research & Scholarly Cooperation...........	50	153	103
International Cooperation...........	150	235	85
Program Direction & Administration........	1,279	1,500	221
Total...............	15,000	25,000	10,000

PREPARED STATEMENT OF EDWIN J. FEULNER, JR.

The U.S. Advisory Commission on Public Diplomacy is pleased to submit this statement in support of the U.S. Information Agency's FY 1988 and FY 1989 authorization request.

The Commission is an independent, bipartisan body created by Congress to recommend policies and programs in support of the international information and educational exchange programs of the United States. It is required by law to assess the work of USIA and to report its findings and recommendations to the President, the Congress, the Secretary of State, the Director of USIA, and to the American people.

The Commission's seven members are appointed by the

President with the advice and consent of the Senate. All are private citizens. We have a variety of professional backgrounds and volunteer our time in the unanimous conviction that public diplomacy is indispensable to America's national security and foreign policy goals.

The Commission values the responsible oversight and strong support this Committee has given to public diplomacy. Perhaps more than most, we can appreciate the dilemmas you face. Other compelling national priorities -- and lack of a strong domestic constituency for USIA -- make yours a difficult task.

The Commission's overall assessment of our nation's public diplomacy effort is positive. With the support of this Committee, the United States -- after two decades of erosion in USIA's budget and staff resources -- has begun a long-overdue investment in public diplomacy.

Under the leadership of Director Charles Wick, state-of-the-art technologies are bringing new efficiencies and expanding the reach of public diplomacy programs from WORLDNET television and radio broadcasting to English teaching and the Wireless File. Educational exchanges have returned to mid-1960s levels following a long downward slide.

But the Commission remains deeply concerned that resources for public diplomacy still fall far short of what national needs require. While they display initiative and imagination, overall USIA operations are still projected well below comparable resource levels of two decades ago. Even the budget requests of $942 million for FY 1988 and $1,070 million for FY 1989 represent unfortunate, but necessary, compromises with Federal deficit realities.

Too often in our preoccupation with programs and priorities here in Washington, we forget that the real challenges to public diplomacy are overseas. During the past year, Commission members, most at private expense, visited some 26 USIA posts. The message we bring back and would like to share with the Committee is this.

First, the Soviet Union, whether due to genuine reform or a desire to seduce audiences in Western Europe and elsewhere, is changing its style and its message. Crude stonewalling, inept spokesmen, and heavy-handed propaganda are giving way to disarming candor, Western public relations techniques, and stepped up activities in every country we visited. Media-trained Soviet diplomats are being assigned to embassies from London to Bangkok. A new generation of sophisticated journalist-advocates, skilled in foreign languages and the use of mild self-criticism to achieve credibility, is using the media to advance Soviet foreign policy goals.

This Committee knows the Soviets outspend us. Official estimates show their total public diplomacy spending at twice our own. They outspend us in radio broadcasting, in book programs, in student scholarships, in trained public diplomacy professionals, and in many other areas. Historically, this may have mattered less when their skills were not as developed. Today the Soviets present a truly formidable challenge.

Public diplomacy is part of a worldwide transformation in the conduct of international affairs. Traditional secret government-to-government communications have become less important. Increasingly world leaders compete directly for the support of citizens in other countries.

In a sense, as Commissioner Herb Schmertz puts it, the United States and the Soviet Union are waging political campaigns for their views. Every day is election day around the world, and our Ambassadors and Public Affairs Officers campaign in a battle for votes.

There is no excuse for us to lose this global campaign. After all, Americans are leaders in international exchange programs, the uses of the media, opinion polling, and the art of informed, credible, and civilized advocacy through personal contact. Moreover, America has powerful ideas on its side: individual liberty, the rule of law, democratic government, the free enterprise system, and the power of truth in a free and open society.

But we could lose if we continue to underinvest in the resources we commit to public diplomacy.

Second, the Commission is gravely concerned by the damage done to America's credibility in Europe, the Middle East, and elsewhere by the Iran arms sale disclosures. Our policy of urging the Europeans to adopt a firm stand against terrorism, which was slowly becoming effective, has been set back. There is growing concern throughout Europe that the Iran affair may paralyze U.S. foreign policy. And our uphill struggle to influence the views of moderate Arab nations has been severely eroded.

Credibility once lost is hard to recover. This is not the time to cut back on our public diplomacy resources. It is a time to intensify our efforts. It is a time to strengthen our information programs and educational exchanges. Now more than ever, it is a time to ensure that America's voice is loud and clear.

Third, our visits to USIA's posts abroad convince us we must do more to enhance America's investment in technical and personnel resources. The Commission continues to endorse several important Agency initiatives:

-- Vigorous pursuit of technical arrangements for a worldwide WORLDNET television broadcasting network.

-- More rapid modernization of VOA's transmitters, relay stations, and domestic studios.

-- Innovative experimentation with AM, FM, satellite, and cable delivery systems for VOA Europe.

-- Seizing the one-time opportunity to add television programming (RIAS-TV) to the reach of Radio in the American Sector in West Berlin.

-- Nourishing USIA's influence with radio and television professionals in the Third World through VOA's increasingly effective International Broadcast Training Center.

-- Enhancement of USIA's Video Library programs to accommodate the growing importance of VCRs and home video in open and closed societies.

People matter too. Now is not the time to cut back on Fulbright and International Visitor programs, on the tiny but powerful Central American undergraduate scholarship program, on the National Endowment for Democracy, on book programs, or on libraries and reading rooms.

In our focus on programs and technology, we often take for granted what is and will continue to be public diplomacy's most important asset: the trained officer in the field. It is the field professional who knows the local situation, who knows best how the U.S. is perceived, and who knows best how that perception can be improved. The Commission believes that closing USIA's posts hurts our national security and places this nation and its interests at risk.

Director Wick has provided the Committee with a detailed list of the consequences of recent budget cuts. I will not repeat them here, but simply say that from our perspective as informed citizen volunteers these cuts are causing real damage.

In 1987, the United States Government will spend well over a trillion dollars. The public diplomacy budget is less than one-tenth of one percent of that total. The foreign affairs budget is approximately $18 billion. Public diplomacy's share is only 4.7 percent. USIA's request for $941.9 million is the best national security investment the United States can make next year.

The Commission would like to commend to the Committee's attention the Atlantic Council's recent report on "U.S. International Leadership for the 21st Century." The report, prepared by J. Allan Hovey under a working group chaired by Andrew J. Goodpaster and George M. Seignious II, documents in compelling terms this nation's "chronic underinvestment" in the resources it devotes to public diplomacy and other key elements of our relations with the rest of the world.

Since the Commission last appeared in authorization hearings before this Committee, it has issued its 1986 annual report and special reports on "Terrorism and Security: The Challenge for Public Diplomacy," and "Soviet Advocacy and the U.S. Media." We are pleased that USIA has agreed with and implemented a number of Commission recommendations including:

-- Reorganization of the Office of Research, which now reports directly to the Agency's Director and Deputy Director.

-- Increased emphasis on audience research and program evaluation.

-- Creation of a television skills training program for USIA's officers.

-- Establishment of a central planning body within the Agency to coordinate policy, technical, and resource decisions relating to information and telecommunication systems.

Throughout its annual report, the Commission emphasized the need for USIA to increase its media studies and program evaluation. In our support for enhanced public diplomacy resources, we are mindful of the need to spend those resources wisely and well. New and established programs must be looked at closely to determine their effectiveness and relevance to the public diplomacy needs and hard choices of the 1980s. We are aware of the difficulties. "No cash register rings," former USIA Director Edward R. Murrow once said, "when a man changes his mind." But in the Commission's view, USIA is still not doing an adequate job of evaluating programs, establishing priorities, and long-range planning.

We have spoken in terms of hundreds of millions of dollars and the vast abstractions we must use in dealing with this critical element of our national security. I would like to close by bringing it down to the personal level.

More than anything else, public diplomacy is this:

At this moment, a backyard video enthusiast in Warsaw is turning a homemade satellite dish to pick up the signals of WORLDNET and other western television programs. Curious neighbors have gathered around to see the images and hear the sounds of freedom.

At this moment in the Ukraine, a young housewife who was won over to the Voice of America by those first truthful reports about Chernobyl is tuning in again.

At this moment in Shanghai, students who have savored democratic values are circulating copies of The Chinese Intellectual, published with a grant from the National Endowment for Democracy, and are attending USIA's American Studies Center at Fudan University.

At this moment in Havana, a taxi driver is quietly turning his radio dial to Radio Marti to hear the truth and to fuel the hope that he may see freedom in his homeland again.

At this moment in Johannesburg, a black activist who had long been taught that America is a racist society, is returning home after a one-month experience as a USIA-funded International Visitor. In his heart are the words of Martin Luther King and an America striving to make those words come true.

At this moment in El Salvador, a professor of jurisprudence is returning to the National University after a year as a Fulbright Professor in the United States. He carries his experience with a government founded on the rule of law an experience he wants to bring to his fellow citizens.

At this moment in Bonn, a USIA Public Affairs Officer is making a convincing, credible case for U.S. trade policies to the senior editor of West Germany's largest newspaper.

My message is simply this: cutting the public diplomacy budget places these activities in jeopardy.

PREPARED STATEMENT OF AMBASSADOR VERNON A. WALTERS

THE UNITED STATES ACHIEVED A MAJOR SUCCESS AT THE 41ST GENERAL ASSEMBLY BY GAINING APPROVAL OF A MAJOR PROGRAM OF ADMINISTRATIVE AND BUDGETARY REFORM. THIS SUCCESS MARKED THE BEGINNING OF AN EFFORT WHICH HOLDS THE PROMISE OF RESTORING THE ORIGINAL IDEALS OF THE UNITED NATIONS -- GOALS WHICH ARE ENSHRINED IN THE UN CHARTER AND WHICH HAVE COMMANDED THE RESPECT AND ACTIVE PARTICIPATION OF THE UNITED STATES FOR DECADES. I BELIEVE THAT THIS MOMENTUM FOR REFORM IN THE UNITED NATIONS DESERVES OUR STRONG SUPPORT. THE UNITED STATES CAN AND SHOULD CONTINUE TO TAKE A LEAD ROLE IN THE WORLD AND THIS INCLUDES MULTILATERAL ORGANIZATIONS.

IN ADDITION TO PROGRESS ON REFORM, WE MADE PROGRESS IN ACHIEVING UNITED NATIONS SUPPORT FOR OTHER U.S. INITIATIVES AND POLICIES DURING THE LAST YEAR.

FOR EXAMPLE, THE GENERAL ASSEMBLY, BY OVERWHELMING MAJORITIES, ADOPTED RESOLUTIONS DEMANDING THE WITHDRAWAL OF SOVIET TROOPS FROM AFGHANISTAN AND VIETNAMESE TROOPS FROM CAMBODIA. THE GENERAL ASSEMBLY ALSO ADOPTED, BY CONSENSUS, U.S. DISARMAMENT INITIATIVES ON CHEMICAL WEAPONS AND COMPLIANCE WITH ARMS CONTROL AGREEMENTS.

IN THE HUMAN RIGHTS FIELD, THE GENERAL ASSEMBLY ADOPTED RESOLUTIONS CRITICIZING THE HUMAN RIGHTS SITUATION IN AFGHANISTAN AND IRAN BY GREATER MAJORITIES AND, FOR THE FIRST TIME, THE GA ADOPTED BALANCED RESOLUTIONS ON HUMAN RIGHTS IN EL SALVADOR AND GUATEMALA. ALTHOUGH THE GENERAL ASSEMBLY DECIDED TO TAKE NO ACTION ON THE U.S. INITIATIVE ON HUMAN RIGHTS IN CUBA, THE JUST CONCLUDED MEETING OF THE HUMAN RIGHTS COMMISSION FOCUSSED CONSIDERABLE ATTENTION ON THIS ISSUE.

IN A SIGNIFICANT DEPARTURE FROM PREVIOUS PRACTICE, THE 41ST GENERAL ASSEMBLY ADOPTED TWO RESOLUTIONS ON ECONOMIC ISSUES WHICH REFLECTED U.S. POLICIES: A U.S. INITIATIVE ENDORSING ENTREPRENEURSHIP AND A RESOLUTION ON THIRD WORLD DEBT IMPLICITLY ENDORSING THE U.S. APPROACH TO THIS PROBLEM. A U.S. SPONSORED RESOLUTION DRAWING ATTENTION TO THE HEAVY LOCUST INFESTATION IN AFRICA WON CONSENSUS SUPPORT AS WELL. ANOTHER U.S. INITIATIVE, A RESOLUTION ENDORSING THE RIGHT TO OWN PROPERTY, WAS ADOPTED BY A VERY LARGE MAJORITY WITH NO OPPOSING VOTES.

THE GENERAL ASSEMBLY ADOPTED A NUMBER OF OTHER RESOLUTIONS BY CONSENSUS THAT WERE OF PARTICULAR IMPORTANCE TO THE UNITED STATES INCLUDING RESOLUTIONS ON THE PROTECTION OF DIPLOMATS AND NARCOTICS CONTROL.

WE WERE ALSO SUCCESSFUL IN OBTAINING THE DELETION FROM RESOLUTIONS ON NAMIBIA AND APARTHEID OF TWELVE OF FIFTEEN PHRASES WHICH CRITICIZED THE UNITED STATES BY NAME.

WHILE THERE WERE INCREASES IN THE LEVEL OF VOTING COINCIDENCE BETWEEN THE UNITED STATES AND ALL THE MAJOR REGIONAL GROUPINGS EXCEPT ASEAN AND THE WARSAW PACT, THE OVERALL VOTING COINCIDENCE WITH THE UNITED STATES REMAINED AT A LOW LEVEL. ON THE NEGATIVE SIDE, THE 41ST GENERAL ASSEMBLY

ADOPTED A LIBYAN INITIATIVE CONDEMNING THE U.S. RETALIATORY AIR STRIKE AGAINST LIBYA. THE GENERAL ASSEMBLY ALSO ADOPTED RESOLUTIONS CALLING FOR U.S. COMPLIANCE WITH THE INTERNATIONAL COURT OF JUSTICE DECISION ON NICARAGUA AND REQUESTING THAT THE U.S. LIFT ITS TRADE EMBARGO AGAINST NICARAGUA. OVER U.S. OBJECTIONS, AS WELL AS THOSE OF MOST OF THE OTHER MAJOR DONORS, AND IN SPITE OF THE FINANCIAL CRISIS, THE GENERAL ASSEMBLY ALSO APPROVED A BUDGET INCREASE OF $48.5 MILLION FOR 1987.

IN THE SECURITY COUNCIL LAST YEAR, WE WERE ABLE TO PURSUE NEGOTIATIONS WHICH LED TO THE ADOPTION OF RESOLUTIONS WHICH HELPED PROVIDE A SOUND BASIS FOR DEALING WITH REGIONAL CONFLICTS. FOR EXAMPLE, RESOLUTION 582 PROVIDED A BALANCED AND COMPREHENSIVE STATEMENT FOR A SOLUTION TO THE IRAN/IRAQ WAR, ESTABLISHING A FRAMEWORK FOR FUTURE EFFORTS. OTHER NEGOTIATIONS LED TO THE ADOPTION OF RESOLUTIONS WHICH MAINTAINED THE UN INTERIM FORCE IN LEBANON. THE SECURITY COUNCIL HAS CONTINUED TO FOCUS ATTENTION ON TERRORISM AND ISSUED CONDEMNATORY STATEMENTS IN RESPONSE TO MAJOR TERRORIST INCIDENTS, IN PARTICULAR, THE ACHILLE LAURO INCIDENT, THE KILLINGS AT ROME AND VIENNA AIRPORTS, AND THE HIJACKING OF THE PAN AM JET TO KARACHI.

MOST IMPORTANT OF ALL, HOWEVER, IS THE GENERAL ASSEMBLY'S ADOPTION OF RECOMMENDATIONS TO REFORM AND IMPROVE THE FUNCTIONING OF THE ORGANIZATION. TO PUT IT VERY BRIEFLY, INTENSE EFFORT BY THE UNITED STATES AND MANY OTHER NATIONS OF EUROPE, ASIA, AFRICA AND THE AMERICAS, AS WELL AS BY SECRETARY GENERAL PEREZ DE CUELLAR, HAS LAUNCHED A RIGOROUS PROGRAM OF REFORM OF THE UN BUDGETARY PROCESS AS WELL AS ECONOMY IN PERSONNEL AND EXPENDITURES.

FIRST AND FOREMOST, THE REFORM INCLUDES THE IMPLEMENTATION OF A NEW BUDGET APPROVAL PROCESS. THE NEW PROCESS REQUIRES

CONSENSUS IN THE SETTING OF THE BUDGET LEVEL AND THUS GIVES MAJOR DONORS SUCH AS THE UNITED STATES A MUCH GREATER SAY IN HOW THE UNITED NATIONS SPENDS THEIR MONEY.

ACCORDING TO THE NEW PROCESS, THE SECRETARY GENERAL WILL PRESENT A DRAFT BUDGET OUTLINE FOR THE BIENNIAL BUDGET TO THE COMMITEE FOR PROGRAM AND COORDINATION (CPC) IN THE YEAR PRECEDING THE PRESENTATION OF THE DRAFT BUDGET TO THE GENERAL ASSEMBLY FOR APPROVAL. THE DRAFT BUDGET OUTLINE WILL CONTAIN A BUDGET CEILING, AN INDICATION OF PROGRAM PRIORITIES, AND A CONTINGENCY FUND TO PROTECT THE INTEGRITY OF THE BUDGET FROM CONSTANT "ADD-ONS".

THE NEED FOR THESE CONSTANT "ADD-ONS" TO FUND ADDITIONAL MANDATES HAS BEEN A FREQUENT CAUSE OF U.S. DISSATISFACTION. THE CONTINGENCY FUND WILL NOW SERVE TO FINANCE DECISIONS ADOPTED DURING THE COURSE OF A BIENNIUM, ELIMINATING THE NEED FOR "ADD-ONS". LIMITING THE SIZE OF THE CONTINGENCY FUND WILL FORCE TRADE-OFFS WITH EXISTING OR PROPOSED LOWER-PRIORITY PROGRAMS WHEN NEW ACTIVITIES REQUIRE FINANCING. THIS EXERCISE WILL CONCENTRATE NEEDED ATTENTION ON PRIORITY SETTING BY MEMBER STATES. THE SECRETARY GENERAL WILL INCLUDE A CONTINGENCY FUND IN THE 1988-89 BUDGET WHEN HE PRESENTS IT TO THE CPC THIS SPRING, IMPLEMENTING IMMEDIATELY THIS IMPORTANT ELEMENT OF THE NEW BUDGET PROCESS.

THE CPC'S MANDATE HAS BEEN STRENGTHENED SO THAT IT MAY UNDERTAKE THESE IMPORTANT NEW RESPONSIBILITIES IN CONSIDERING THE SECRETARY GENERAL'S BUDGET OUTLINE AND SUBMITTING ITS CONCLUSIONS AND RECOMMENDATIONS TO THE GENERAL ASSEMBLY. THE CPC OPERATES ON A CONSENSUS BASIS, MAKING ITS RECOMMENDATIONS A CLEAR INDICATION OF MEMBER STATES' INSTRUCTIONS TO THE SECRETARY GENERAL FOR THE FORMULATION OF HIS DRAFT BUDGET. THE UNITED STATES PLANS TO TAKE AN ACTIVE ROLE IN THE DELIBERATIONS

OF THE CPC. WE WILL BE REVIEWING THE NUMEROUS UN PROGRAMS AND FORMULATING PROPOSALS AIMED AT INSURING THE MOST ECONOMICAL AND EFFICIENT USE OF FUTURE BUDGET RESOURCES.

I BELIEVE THAT THIS NEW PROCEDURE ADDRESSES THE FUNDAMENTAL CONCERN OF THE CONGRESS ABOUT THE IMBALANCE BETWEEN THE MAJOR-CONTRIBUTOR MINORITY AND THE VOTING MAJORITY. THE CONSENSUS-BASED BUDGETING SYSTEM, WHEN IMPLEMENTED, WILL RESTORE THE BALANCE AND ASSURE THAT BUDGETARY DECISIONS CANNOT BE MADE IN SIMPLE DISREGARD OF THE VIEWS OF MAJOR DONOR STATES.

THE REFORMS ADOPTED BY THE GENERAL ASSEMBLY IN DECEMBER GO BEYOND THE ESTABLISHMENT OF THE CONSENSUS-DECISION BUDGET PROCESS. SUBSTANTIAL CUTS IN UNITED NATIONS PERSONNEL WILL BE MADE OVER THE NEXT THREE YEARS, REDUCING STAFF LEVELS BY 15 PERCENT. SENIOR STAFF LEVELS, PLAGUED BY OVERLAPPING RESPONSIBILITIES AND INEFFECTIVE MANAGEMENT IN RECENT YEARS, WILL BE CUT BY 25 PERCENT.

THE REFORM WILL ALSO TIGHTEN CONTROL OVER UNITED NATIONS MEETINGS AND CONFERENCES, WHICH HAVE PROLIFERATED AT CONSIDERABLE EXPENSE TO THE UNITED STATES AND OTHER MEMBER STATES. THE MEETINGS WILL THUS GIVE GREATER VALUE, IN TERMS OF OUTPUT, FOR THE MONEY SPENT.

IN ACCORDANCE WITH SEVERAL REFORM MEASURES, THE SECRETARY GENERAL PLANS AN EXTENSIVE REORGANIZATION OF THE SECRETARIAT, AND MEMBER STATES ARE REVIEWING THE STRUCTURE OF THE INTERGOVERNMENTAL BODIES. THESE EFFORTS SHOULD GREATLY REDUCE DUPLICATION AND WASTE AND RESULT IN FURTHER CUTS IN PERSONNEL WHILE ENSURING A MORE EFFICIENT FUNCTIONING OF THE ORGANIZATION.

THE REFORM PROVIDES FOR A WIDE RANGE OF ADDITIONAL ECONOMIES, INCLUDING REDUCTIONS IN STAFF TRAVEL AND THE USE OF

CONSULTANTS, PLUS TIGHTER PERSONNEL MANAGEMENT, WHICH ARE INTENDED TO INCREASE PRODUCTIVITY WHILE IMPROVING STAFF MORALE.

I AM PLEASED TO SAY THAT THE SECRETARY GENERAL MOVED IMMEDIATELY TO BEGIN IMPLEMENTING THESE REFORMS WHEN THEY WERE ADOPTED LAST DECEMBER 19. THE STAFF REDUCTION IS ALREADY HALFWAY TOWARD THE TARGET OF A 15 PERCENT CUT BY THE END OF 1989, THANKS TO A HIRING FREEZE IN EFFECT FOR THE PAST YEAR. IN ADDITION, THE SECRETARY GENERAL HAS REDUCED THE NUMBER OF SENIOR-LEVEL POSTS BY NINE, WHICH REPRESENTS ALMOST TWO-THIRDS OF THE 25 PERCENT REDUCTION REQUIRED IN SUCH POSTS OVER THE THREE-YEAR PERIOD.

IN FEBRUARY, THE ECONOMIC AND SOCIAL COUNCIL ESTABLISHED A SPECIAL COMMISSION TO SUPERVISE THE LARGEST OF THE REORGANIZATION STUDIES MANDATED BY THE REFORM -- A REVIEW OF THE INTERGOVERNMENTAL BODIES UNDER ITS PURVIEW, SOME TWO HUNDRED IN ALL. THE COMMISSION HELD ITS FIRST SESSION FROM MARCH 2 TO 6. THE STUDY WILL TAKE EIGHTEEN MONTHS TO COMPLETE AND IT IS EXPECTED TO RESULT IN A MORE RATIONAL STRUCTURE FOR ECONOMIC AND SOCIAL BODIES WITHIN THE UNITED NATIONS SYSTEM.

THE SECRETARY GENERAL HAS ALSO IMPLEMENTED MAJOR REORGANIZATIONS AND CONSOLIDATIONS IN THE POLITICAL AND ADMINISTRATIVE DEPARTMENTS, AND HE HAS ANNOUNCED HIS PLAN TO TAKE SIMILAR ACTIONS REGARDING THE ECONOMIC/SOCIAL AND PUBLIC INFORMATION DEPARTMENTS IN THE COMING MONTHS. THESE REORGANIZATIONS INCLUDE SHIFTING THE UN'S POLITICAL NEWS SERVICE FROM A SOVIET-RUN DEPARTMENT TO THE OFFICE OF THE SECRETARY GENERAL, A MOVE THAT THE UNITED STATES HAS URGED FOR SEVERAL YEARS. THESE RESTRUCTURINGS ARE PRODUCING FURTHER REDUCTIONS IN STAFFING AS WELL AS MORE RATIONAL AND EFFICIENT ORGANIZATION FOR THE UN SECRETARIAT.

WE IN THE ADMINISTRATION BELIEVE THAT THE REFORMS ADOPTED BY THE 41ST GENERAL ASSEMBLY, THOSE THAT HAVE BEEN IMPLEMENTED TOGETHER WITH THOSE STILL TO BE IMPLEMENTED, WILL PUT THE UNITED NATIONS ON A FIRMER MANAGEMENT FOOTING. THUS, THE ORGANIZATION CAN BETTER SERVE THE INTERESTS OF ITS MEMBER STATES. THE RIGOROUS IMPLEMENTATION OF THE REFORMS, THEREFORE, IS IN THE INTEREST OF ALL MEMBER STATES OF THE UNITED NATIONS.

THE REFORMS RESPOND PARTICULARLY TO THE CONCERNS EXPRESSED BY THE UNITED STATES OVER THE PAST YEARS INVOLVING WASTEFUL SPENDING AND THE INABILITY OF MAJOR DONORS TO CONTROL SUCH SPENDING. WE MUST NOW DEMONSTRATE OUR SUPPORT FOR THE REFORM EFFORT AND FOR THE UNITED NATIONS BY FULFILLING OUR OBLIGATION TO PAY OUR ASSESSED CONTRIBUTIONS.

BEHIND ALL THE INFLATED RHETORIC SURROUNDING UN REFORM IS THE FACT THAT THE UNITED STATES, THE UN'S PRINCIPAL CONTRIBUTOR AND MAIN SUPPORTER FOR FORTY YEARS, WAS DISSATISFIED ENOUGH WITH WHAT WAS HAPPENING TO HOLD BACK HALF OF ITS CONTRIBUTION LAST YEAR. IT IS EQUALLY CLEAR THAT, IF THE UNITED STATES DOES NOT DEMONSTRATE ITS SUPPORT FOR THOSE REFORMS BY MOVING TO RESTORE THE REDUCTIONS, THE FULL IMPLEMENTATION OF THE ADMINISTRATIVE AND BUDGETARY REFORMS THAT WERE ACHIEVED AFTER A GREAT DEAL OF EFFORT ON ALL SIDES MAY BE COMPROMISED. IF WE BELIEVE THAT THE UN IS WORTH KEEPING, THEN WE MUST WORK ACTIVELY TO ENSURE THAT THESE REFORMS ARE IMPLEMENTED.

THE FIRST STEP TOWARD RESUMING OUR NORMAL PAYMENT PATTERN IS TO MODIFY THE KASSEBAUM/SOLOMON AMENDMENT, WHICH CURRENTLY LIMITS OUR PAYMENT TO 20 PERCENT OF THE UN BUDGET, RATHER THAN ALLOWING US TO MEET OUR ASSESSED SHARE OF 25 PERCENT. WE BELIEVE, AS I STATED EARLIER, THAT THE NEW PROCEDURES ADOPTED BY THE GENERAL ASSEMBLY CONSTITUTE A FIRST CONCRETE STEP TOWARD REFORM AND ADDRESS THE CLEAR INTENT OF THAT LEGISLATION -- THAT

MAJOR DONORS HAVE A GREATER SAY IN HOW THE UN SPENDS THEIR MONEY.

IT WOULD, HOWEVER, BE PREMATURE TO REMOVE ENTIRELY THE RESTRICTIONS IMPOSED BY KASSEBAUM/SOLOMON BECAUSE THE NEW PROCESS HAS NOT YET HAD TIME TO WORK. THEREFORE, THE ADMINISTRATION HAS SUBMITTED A PROPOSED MODIFICATION OF THE LEGISLATION TO PERMIT PAYMENT OF OUR REGULAR ASSESSMENT TO THE UN, SUBJECT TO ANNUAL CERTIFICATION BY THE PRESIDENT THAT THE REFORMS ENACTED AT THE 41ST GENERAL ASSEMBLY SESSION ARE BEING IMPLEMENTED ADEQUATELY. THIS WILL PROVIDE THE UN WITH A STRONG INCENTIVE TO IMPLEMENT THE REFORMS FAITHFULLY.

THE OTHER NECESSARY STEP IS TO ASSURE THAT NEEDED FUNDING IS AVAILABLE. THE PRESIDENT'S 1988 BUDGET WAS PREPARED PRIOR TO THE ENACTMENT OF THE REFORM BY THE 41ST GENERAL ASSEMBLY. THEREFORE, IT IS NOT BASED ON THE RESULTS OF THE REFORM OR THE PROPOSED MODIFICATION OF THE KASSEBAUM/SOLOMON AMENDMENT.

THE ADMINISTRATION IS COMMITTED TO SEEK THE ADDITIONAL FUNDING THAT WILL BE REQUIRED TO BRING OUR FISCAL YEAR 1988 PAYMENT TO THE UNITED NATIONS BACK UP TO NORMAL LEVELS. CONSCIOUS OF THE NEED TO REMAIN WITHIN THE CONSTRAINTS IMPOSED BY THE GRAMM/RUDMAN/HOLLINGS ACT, WE IN THE EXECUTIVE BRANCH ARE NOW EXAMINING THE REDUCTIONS THAT WOULD BE NEEDED TO OFFSET THE REQUIRED INCREASE.

WE HAVE REQUESTED THAT THE COMMITTEE PROVIDE AUTHORIZATION FOR SUCH ADDITIONAL SUMS AS MAY BE NECESSARY TO COVER OUR ASSESSMENT TO THE UNITED NATIONS ONCE REQUESTED MODIFICATION OF THE KASSEBAUM/SOLOMON AMENDMENT IS ENACTED.

LET ME TURN NOW TO THE ACTIVITIES OF THE UNITED NATIONS VOLUNTARY ORGANIZATIONS, PARTICULARLY THE UNITED NATIONS DEVELOPMENT PROGRAM (UNDP) AND THE UNITED NATIONS CHILDREN'S FUND (UNICEF).

SUPPORT OF THE UN DEVELOPMENT AGENCIES IS AN IMPORTANT EXPRESSION OF THE UNITED STATES' WILL TO HELP THOSE IN NEED THROUGHOUT THE DEVELOPING WORLD. THE ADMINISTRATION'S REQUEST CLEARLY EXPRESSES OUR DETERMINATION TO CONTINUE OUR VITAL SUPPORT TO THOSE UN ORGANIZATIONS WHICH PROVIDE EFFECTIVE AND WORTHWHILE ASSISTANCE TO THE DEVELOPING WORLD.

THE UNDP IS THE MOST IMPORTANT OF THESE ORGANIZATIONS. WHILE WE CONTINUE TO GIVE IT STRONG SUPPORT IN RECOGNITION OF ITS IMPORTANT MISSION, REALISTICALLY WE HAVE HAD TO DIMINISH THE LEVEL OF OUR BUDGET REQUEST FOR THIS ORGANIZATION IN LINE WITH OUR OWN BUDGET STRINGENCIES.

UNDP IS A MAJOR FORCE IN PROVIDING DEVELOPMENT ASSISTANCE TO THE WORLD'S POOREST COUNTRIES AND CURRENTLY SUPPORTS SOME 5,000 PROJECTS IN SOME 150 COUNTRIES VALUED AT OVER $7 BILLION. MOREOVER, UNDP-FINANCED ACTIVITIES HAVE GENERATED ALMOST $90 BILLION OF FOLLOW-ON INVESTMENT FROM BOTH PUBLIC AND PRIVATE SOURCES.

THE UNITED STATES BENEFITS DIRECTLY FROM UNDP ACTIVITIES. EVERY DOLLAR THAT THE U.S. CONTRIBUTED IN 1986 WAS MATCHED BY AN EQUAL AMOUNT WHICH FLOWED DIRECTLY BACK INTO THE U.S. ECONOMY THROUGH SALARIES PAID TO U.S. EXPERTS, ORDERS FOR PROJECT EQUIPMENT AND TECHNICAL SERVICES AND EXPENSES OF UNDP HEADQUARTERS IN NEW YORK. FURTHERMORE, THE UNITED STATES IS AN INFLUENTIAL AND DECIDING FORCE IN SHAPING UNDP POLICY AND HAS PLAYED A KEY ROLE IN UNDP'S DECISION-MAKING PROCESS IN TERMS OF ALLOCATION OF RESOURCES AND CHOICE OF PROJECTS.

OUR SUPPORT FOR UNICEF, A HIGHLY VISIBLE, HUMANITARIAN PROGRAM WHICH THE AMERICAN PUBLIC STRONGLY ENDORSES, MUST NOT BE ALLOWED TO FALL BELOW THE LEVEL REQUESTED. UNICEF PROGRAMS SUCH AS ORAL REHYDRATION THERAPY, CHILDHOOD IMMUNIZATION, AND SAFE WATER SUPPLIES, MUST CONTINUE, AND OUR FUNDING REQUEST FOR 1988 IS THE BARE MINIMUM NEEDED TO HELP SUSTAIN UNICEF PROGRAMS WORLD-WIDE.

THE FUNDS REQUESTED FOR THE VOLUNTARY AGENCIES ARE THE MINIMUM NEEDED TO SUSTAIN MEANINGFUL EFFORTS IN ECONOMIC AND SOCIAL DEVELOPMENT. THESE FUNDS ARE NOT SUPPORTING LARGE, HEADQUARTERS BUREAUCRACIES, AS HAS BEEN THE CASE IN THE PAST WITH THE UN ITSELF, BUT ARE FINANCING PROJECTS THAT PROVIDE TANGIBLE BENEFITS TO THE DEVELOPING WORLD. WE WILL CONTINUE TO MONITOR ACTIVITIES AND ECONOMIC MANAGEMENT IMPROVEMENTS TO ENSURE THAT OUR FUNDS WILL BE USED EFFECTIVELY TO ASSIST THOSE WHO NEED IT MOST AMONG THE POOR NATIONS OF THE WORLD.

THANK YOU, MR. CHAIRMAN.

PREPARED STATEMENT OF WILLIAM H. McBEATH

Good morning. I am Dr. William H. McBeath, Executive Director of the American Public Health Association.

I appreciate the opportunity to present this statement today on behalf of seven national health organizations:

American Academy of Pediatrics
American Medical Students Association
American Nurses Association
American Public Health Association
Association of Schools of Public Health
Commissioned Officers Association of U.S.P.H.S.
National Council on International Health

These organizations represent health professionals and medical specialists who have followed international health issues throughout their professional careers. I believe that their views and opinions are representative of the international health community in this country, and can offer additional information for this Committee as it grapples with questions of U.S. policy and priorities in relation to multinational agencies and to international health policy.

Without diminishing the importance or value or other organizations or questioning in any way their management, we believe that two international organizations in the field of health, i.e., the World Health Organization and the Pan American Health Organization, deserve special consideration by the United States.

First, WHO and PAHO have demonstrated their value to the international policy objectives of the United States in the field of health for many decades.

Second, they both have maintained their fundamentally technical focus, aimed at helping the nations of the world to pursue the health of their peoples.

At this time, when the world is finding itself forced to add AIDS to the list of world health threats to international health, the work of these international health organizations takes on even greater priority. For these are the only Organizations able to bridge national concerns and suspicions, to collect the epidemiological data needed, to assess the threat, and to coordinate action with all nations in planning ways for coping with this global threat.

Third, both WHO and PAHO have carved out a record of prudent, realistic management with special sensitivity to the concerns of the United States. The current Administration and its predecessors have voted in favor of the budgets of both Organizations. In recent years, both Organizations recognized the international economic situation and showed no real growth in their proposed budgets. Over the past decade, they have had the lowest level of budget growth of any international organization.

Fourth, these two organizations have been able to extend the reach of the U.S. epidemiological service throughout the Western Hemisphere and across the globe.

Finally, these two organizations offer unique opportunities for international exchange and contact among scientists and health specialists of this country and those of other nations.

Unfortunately, the World Health Organization now faces a major threat to its activities. Simply stated, the previous deferrals of payments of the U.S. contributions, the impact of the Kassebaum amendment producing a shortfall in U.S. payment, and the deferral until October 1, 1987 of nearly 90% of the CY87 U.S. assessed contribution have yielded a severe financial crisis of the World Health Organization.

I want to emphasize that these are treaty obligations of the United States, and for the first time, we are bringing into question our commitment to meet international obligations by the failure to provide the U.S. assessed contributions to WHO.

PAHO also faces a deferral of one-third of the U.S. contribution as a result of last year's Continuing Resolution.

Therefore, Mr. Chairman, **we are seeking:**

- **first the reversal of the deferral until October 1, 1987 of the $36 million in FY87 appropriations for WHO**

and $12 million for PAHO as requested in the Administration's supplemental FY87 appropriations request;

- **second, an additional $15.7 million in FY87 supplemental appropriations to make up for the shortfall in the payment of the U.S. assessed contribution to WHO;**
- **third, the repeal (or at least modification) of the Kassebaum amendment in order to permit full funding for WHO for FY87 and FY88, i.e., to the level of U.S. treaty obligations; and,**
- **finally, full funding for PAHO in FY88.**

This Committee knows the details of the overall situation with respect to the Kassebaum Amendment's impact on U.S. contributions to the international organizations. However, let me re-emphasize that the World Health Organization, one of the U.N. family of specialized agencies, received only $10 million of which some $3 million were applied to arrears for 1985, leaving only $7 million to be applied to the 1986 assessment of $61.7 million. Thus the U.S. has paid only 11% of its 1986 assessed contribution to WHO. Our nation is nearly 90% in arrears while the Soviet Union, China, Japan, and the Western European countries have all paid in full.

It is difficult for us to understand why U.S. support has been withheld from the Organization while at the same time the U.S. government representatives at WHO governing bodies have always praised WHO for its realistic budgets, its prudent management and the effectiveness of its world health programs.

Let me just note the following: In 1983 at the World Health Assembly when the 1984-85 budget was adopted (for which the U.S. voted) the U.S. delegation stated that:

> "(this) delegation was pleased that the proposed programme budget did not provide for any programme growth, a realistic proposal in terms of existing economic circumstances...the overall picture that had emerged over the past two weeks of debate was that WHO was a very impressive organization which was doing highly useful work to complement the efforts of national governments. (This) delegation's decision to vote in favour of the proposed programme budget should be seen as a reflection of specific appreciation of that work, and of WHO's success in proposing a realistic level of programme growth..." (WHA36/1983/REL/3, pp. 211 and 215).

At the 1985 World Health Assembly, the U.S. again voted in favor of the FY 1986-87 budget and stated:

> "More importantly, the United States delegation was pleased that the Director-General had been able to cope effectively with pressures from opposite directions; by holding the overall budget to zero real growth and by shifting resources within the budget to provide about 4% growth in country programmes, he had been able to please every-

> body...the United States delegation was pleased with the proposals put before the Committee, and more particularly so with the philosophy expressed in the Director-General's introduction to the proposed programme budget and the conservative and careful approaches to the financing. For those reasons, (this) country would vote in favour of adoption of the Appropriation Resolution as proposed, hoping that the decision of the Health Assembly would be unanimous." (WHA/38/1985/REL/3, pp. 198).

I want to emphasize that the U.S. has always voted for the WHO budget. To approve a budget and a rate of assessment, as the U.S. has done in the case of WHO, and then to fail to meet its obligation *ex post facto* does not bode well for American credibility in international organizations and undermines U.S. interests which are reflected by the program and policies of WHO.

The severe shortfall in 1986 contributions now has had a devastating effect on the Organization. Even programs funded from extra budgetary grants depend on WHO's infrastructure which is completely funded from assessed contributions. Thus, weakening the framework of the Organization by withholding the income it needs for its daily functioning, hampers the effectiveness of extra-budgetary programs which fight disease--AIDS, diarrheal disease and childhood diseases covered by the Universal Childhood Immunization campaign--and makes WHO's goal of health for all even more difficult to reach.

With respect to the Pan American Health Organization, the deferral of $12 million of the $33 million assessed contribution for 1987 obviously creates management difficulties. As an inter-american agency, deferring the U.S. contribution has almost three times greater impact than in the case of the United Nations and any deferral obviously creates immense concern. However, the Congress has sought in the past to recognize this special situation. The Congress also has recognized the important linkages of PAHO with the Centers for Disease Control (CDC) of the U.S. Public Health Service in monitoring and preventing the transmission of communicable diseases into the United States. With nearly 13 million individual entrances and departures from the U.S. to and from Latin America and the Caribbean for trade, tourism and other purposes, the importance of this regional health agency to the U.S. is evident.

PAHO also operates the U.S.-Mexican Border Health Program which links southwestern states in this country with their counterpart in Mexico. In addition to its country offices throughout the hemisphere, nine research and technical cooperation centers which specialize in different subjects such as the Nutrition Institute for Central America and Panama, the Foot and Mouth Disease Center in Rio, and the Epidemiology Center in Trinidad offer the Americans unique benefits. Like WHO, PAHO has shown responsiveness to U.S. concerns by maintaining zero real growth over recent budgets and has reduced its staff posts by one-third since 1980. In testimony, the U.S. Assistant Secretary for International Organizations noted that PAHO also had achieved a nearly 20% reduction in headquarters costs in Washington over recent years with those resources being transferred to the countries of the Region. PAHO also has assured U.S. membership in its Executive Committee during budget years and the U.S. delegation has voted for each PAHO budget.

PAHO's Director, who also serves as the WHO Regional Director for the Americas, recently announced campaigns to eradicate polio in the Western Hemisphere as part of the extended immunization effort, a campaign which as drawn the support of the Inter-American Development Bank, Rotary International, UNICEF, and AID.

PAHO and WHO together represent the best of international specialized agencies. Looking in more detail at the work of WHO, one finds, Mr. Chairman, that this Organization plays a pivotal role in communicating and energizing the world to act on health concerns. The work of the Organization has been of direct benefit to the U.S. and the world.

- WHO's eradication of smallpox saves the U.S. $108 million annually by obviating the need for smallpox vaccinations.
- WHO, which established the global Expanded Immunization program, manages the Universal Childhood Immunization campaign, together with UNICEF, intended to help every country achieve the goal of complete immunization of children by 1990.
- WHO has successfully introduced Oral Rehydration Therapy--an inexpensive and very effective way to prevent death in children from diarrheal diseases.
- WHO has taken the lead in AIDS surveillance, research, education and prevention. Only WHO can overcome political differences and suspicions and serve as an international clearinghouse for the facts on AIDS.
- WHO supports research to develop new vaccines. Influenza surveillance by the WHO network helps develop vaccines against each new strain that emerges.
- WHO's disease surveillance program provides information for travellers and contributes to the U.S.'s ability to protect U.S. citizens around the world.
- WHO surveillance following the Chernobyl nuclear disaster helped protect Europe, and contributed information on how to deal with future accidents.
- WHO supports the development of cost-effective medical technology. The availability of a $35,000 basic radiologic system developed by WHO has made good X-ray services possible at a reasonable price.
- WHO helps member countries with a wide range of health programs:
    - Alcohol and Drug Abuse Prevention.
    - Drinking Water and Sanitation
    - Cardiovascular Disease Prevention
    - Cancer Research, Prevention and Treatment
    - Family Planning

Once again, Mr. Chairman, let me repeat that **we hope this Committee and the Congress this year can achieve:**

- first, the reversal of the deferral until October 1, 1987 of the $36 million in FY87 appropriations for WHO and $12 million for PAHO as requested in the Administration's supplemental FY87 appropriations request;
- second, an additional $15.7 million in FY87 supplemental appropriations to make up for the shortfall in the payment of the U.S. assessed contribution to WHO;
- third, the repeal (or at least modification) of the Kassebaum amendment in order to permit full funding for WHO for FY87 and FY88, i.e., to the level of U.S. treaty obligations; and,
- finally, full funding for PAHO in FY88.

Thank you for allowing us the opportunity to testify. We will be pleased to answer any questions.

PREPARED STATEMENT OF RONALD I. SPIERS

I am here today to discuss the President's authorization request for the Department of State.

In 1987, The President's budget request for State Department operations was cut by $1.3 billion: The effect of this cut has been further exacerbated by overseas inflation and exchange-rate losses which have reduced our purchasing power by another $76 million.

The Department of State, which is the oldest and clearly one of the most important departments of the government, is also one of the smallest. The cost of the State Department's operations at home and abroad amounts to only four-tenths of 1% of the Federal budget. The cost of a single Trident submarine approximately equals the salaries and expenses for all State Department operations including our more than 250 posts overseas for a year. We believe the later makes at least an equivalent contribution to U.S. National Security interests.

As it stands now, these deep cuts in our budget are severely damaging State's foreign policy infrastructure; they will force us to renege on treaty obligations to international organizations, and leave us no choice but to defer into the indefinite future security programs to protect our people and facilities abroad from international terrorism.

Even before the latest fiscal blows, we were making plans to reduce our overseas personnel by about 4%. We are hiring fewer people this year. Many vacancies simply will not be filled. We are also facing as much as a 7% cut, through attrition, in personnel domestically.

In 1986, we shut down seven of our consulates overseas. This year, we will close seven more posts. This is not something we welcome. Our posts are the capillaries of our information-gathering network. They enhance our ability to expand our contacts and influence, to provide service to Americans abroad, and to enhance U.S. economic prospects. If we have no relief, our budget situation will force us to continue to shrink even further our Nation's diplomatic and consular presence around the world.

This year, we will also no longer be able to fund adequately our language programs at posts overseas. And this at a time when we are all convinced that it is increasingly important to improve our foreign service officers' language capabilities.

We are also taking deep cuts elsewhere to make ends meet. We are hiring fewer people and simply not filling vacancies. Particularly painful has been the need to cut our incoming foreign service officer classes. The cost of this will be felt ten years down the line. We have had to postpone security construction projects as well as cut our plans for high-speed telecommunications circuits by half and cancel 85 percent of our planned replacement of emergency radio systems worldwide.

We are reaching the point at which these actions necessitaied by budget cuts will threaten our ability to maintain a professional foreign affairs infrastructure. This infrastructure was not built overnight and damage done to it will not be repaired rapidly.

When our funds are cut, we are left with very few options. We are a salaries-and-expenses agency. We are our Nation's diplomatic presence around the world. We do not have large programs which we can cut or string out over a longer period. The Department of State, which is the oldest and surely one of the most important departments of the government, is also one of the smallest. The the State Department's operations at home and abroad cost only four-tenths of one percent of the federal budget.

We have requested a FY87 supplemental of $119 million to help us carry out our most critical programs over the next year until FY88. These funds, if approved, would help us ensure that the basic foreign policy infrastructure is maintained by the State Department.

But we all remain concerned that funding at the levels currently in prospect, especially when combined with adverse developments such as exchange rate losses, will translate into a serious weakening of the Department of State, our nation's institutional arm for the conduct of foreign policy. Unfortunately, rather than determining foreign policy goals and objectives that are best for the the United States and providing the financing necessary to achieve these goals, we are letting resources constrict our foreign policy.

If we are to continue our role as a world power, we must be prepared to fund a foreign affairs policy and a budget for operations of the size and dimension to support it. Be assured that friend and foe alike will draw their own conclusion about our role in the world -- and these conclusions will be influenced by what we are doing to our diplomatic process abroad.

For 1988, the Department is requesting authorizations for appropriations totaling $3,609,768,000. This represents a increase of $541,831,000 above our 1987 funding level, assuming, as we must, approval of supplemental appropriations. In this bill, as submitted by the Administration, we are requesting current authorization of $3,104,099,000. In addition, we plan to utilize permanent authorization totaling $85,958,000 for payment to the Foreign Service Retirement Fund; $416,911,000 of the $417,962,000 authorized by the Omnibus Diplomatic Security and Antiterrorism Act of 1986; $1,000,000 for the Fishermen's protective fund and $1,800,000 for the Fishermen's Guarantee fund authorized by the Fishermen's Activities Authorization Act of 1986.

For 1989 we are requesting authorizations for "such sums as may be necessary."

Mr. Chairman, we are keenly aware of the part we must play in the President's and Congress's efforts to reduce the Federal Budget deficit. We are presenting an austere budget that continues our initiatives in the security and substantive reporting areas -- but absorbs reductions in crucial administrative support areas.

Fiscal Year 1988 Authorization

The 1988 Budget request covers four categories of appropriations as follows:

First, we request $2,737,141,000 for the heart of our nation's diplomacy, the Administration of Foreign Affairs -- to cover the Department's basic diplomatic and consular functions, salaries, operating expenses, allowances, overseas building construction and maintenance, and diplomatic security.

Our request is a $520.4 million net increase from the 1987 level neary all of which is for nondiscretionary costs and securtiy, and has the following components:

-- $250 million for Salaries and Expenses, $51.8 million of which is for the implementation of the new Federal Employees Retirement System, $62.7 million for wage and price inflation and $104.7 for the Diplomatic Security Program.

-- $310 million for buildings program, of which $211 million is for the Diplomatic Security Program.

-- Savings of $41.4 million reflecting a reducing in the Foreign Service Retirement and Disability Fund.

As the Congress considers this proposal, I would emphasize again to Members that we have suffered severe cuts in funding to support the foreign affairs infrastructure of the United States. These cuts have been compounded by the effects of fluctuations in exchange rates, differing rates of inflation between the U.S. and the countries in which we maintain missions, and the continuing need for expenditures to enhance the security of our posts and personnel abroad. These factors in combination have led to a weakening of our infrastructure. The toll has been greater than one might have expected since discretionary spending is only a small portion of the total foreign operations budget, for when we were forced to make cuts, they had to be made in "discretionary" areas. These turn out to be areas where cuts can undermine the ability of the foreign affairs establishment to function as it was intended; for example, in travel for consultation and investigation, and language training. This has resulted in closed posts, elimination of positions, reduction of intake into the Foreign Service and deferral of needed maintenance projects. The damage could be even worse in years to come.

At stake is our ability as a nation to understand and influence the world we live in. It is in no one's interest to make the State Department primarily an administrative support mechanism for the foreign-based staff of other Federal agencies, thereby weakening the agency which coordinates and takes into account all U.S. Government activities abroad and all interests of the United States. We cannot cut away personnel and positions and reduce training and the tools necessary to perform diplomatic functions and still retain the corps of qualified and experienced people needed to carry out the diplomacy of the United States. We risk having other nations interpret our cutbacks as signs of an American withdrawal from an active, cooperative global role.

Second, in the category International Organizations and Conferences, the Department requests $506 million and additional authorization as may be necessary to cover assessed contributions to international organizations of which the

United States is a member; contributions for United Nations peacekeeping activities; and American participation in multilateral international conferences.

Third, under the heading of International commissions, $32,706,000 is requested to meet our treaty commitments under boundary agreements with Canada and Mexico -- and to cover our share of expenses as a member of eleven international fisheries commissions.

Finally, in the "Other Appropriations" category, we are requesting $333,921,000. The largest part of this category will provide assistance to migrants and refugees through contributions to a variety of international organizations and voluntary organizations including the Intergovernmental Committee for Migration, the United Nations High Commissioner for Refugees and the United Nations Relief and Works Agency. Also included in this category are resources for Bilateral Science and Technology Agreements with Yugoslavia, the Asia Foundation, and the Soviet-East European Research Training Fund.

Technical Provisions in FY 88-89 Authorization Bill

In addition to our request for authorization of appropriations, our draft bill this year contains several additional sections, largely of a technical nature. Among the more important are proposals to:

Provide a statutory pay basis for the Directors of International Telecommunications Policy and the Office of Foreign Missions, reflecting their status as presidential appointees, and adjust pay levels for Ambassadors-at-Large;

Modify the authority provided by the Foreign Service Act for use of limited appointments for specific purposes such as Consular agents;

Provide certain benefits, comparable for those provided to CIA former spouses last year, for former spouses of members of the Foreign Service not now eligible for them because their divorces occurred prior to February 1981; and to

Provide certain insurance authority, for the Diplomatic Reception Rooms and for liability coverage related to official activities abroad.

The subcommittee has been provided with the full text and explanation of these and the remainder of the amendments. With your permission, I ask that a short summary of them we have prepared be inserted in the record.

We have suffered severe cuts in funding to support the foreign affairs infrastructure. What does this mean in the real world? It means that the political officer seeking to understand developments in a major European country can no longer attend a political party convention, reducing his contacts with practicing politicians. Those contacts are the bread and butter of his job. Not only does he glean from them information about political developments, he also uses them as an opportunity to seek support for U.S. policies. Such contacts are also, by their very nature, a demonstration of the U.S. commitment to work cooperatively with other countries. The cuts also mean that the young officer, who should be continuously enhancing his knowledge of foreign languages and cultures will not be given the opportunity to achieve language fluency and thus a greater degree of understanding of the nation in which he finds himself. It means that developments which initially could seem minor, but which may grow to be of major importance to the United States, are more likely to be missed.

Similarly, there is the Economic or Commercial Officer who, because of travel restraints, is not able to carry out our program of export promotion. How many trade opportunities will be missed? How many chances to establish agency or licensing relationships for American firms? What opportunities to bid on major government projects go unreported? What are the costs of these missed opportunities in terms of reduction of our trade deficit and jobs in the export sector of manufacturing and agriculture?

And what of U.S. citizens abroad who depend on the foreign affairs infrastructure as their life-line to America? What happens to the American in prison when his only tie to home -- a visit by a U.S. Consular Officer -- is no longer possible because there are no funds? What happens when, because of cuts, the staff of a Consular Section must delay processing a passport or registering a birth abroad? What happens to American tourism and the dollars it provides for our economy, if visas can no longer be issued expeditiously? What happens when checks of visa applicants are not as thorough as they should be in today's troubled world?

These are illustrative of the problems we face if we permit our dedicated, career foreign affairs infrastructure to atrophy. Obviously, the men and women of the Foreign Affairs agencies will do the best job possible whatever the resource constraints, but it will not be the job we have come to expect. We have put forward a budget which is exceptionally lean. Even with full funding, given international economic realities, further reductions of posts and personnel abroad may be inevitable. Reductions in that proposed funding by the Congress can only make conditions worse.

At stake is our ability as a nation to understand and influence the world we live in. It is in no ones interest to make the State Department primarily a support mechanism for other Federal agencies, thereby weakining the agency which coordinates and takes into account all U.S. Government activities abroad and all interests of the United States. We cannot cut away personnel and positions and reduce training and the tools necessary to perform diplomatic functions and still retain the corps of qualified and experienced people needed to carry out the diplomacy of the United States. We risk having other nations interpret our cutbacks as a sign of the withdrawal of the United States from an active, global role?

Let me turn to some specifics. My purpose here is to move from the broad level to more focussed ones, by inviting your attention to some of our most prominent -- and controversial -- programs. While we fully understand the dilemma the Congress faces under current budgeting limitations, I think it is my responsibility to try to drive home some realities of our efforts abroad, which are currently in serious jeopardy.

DIPLOMATIC SECURITY

Last summer the Congress passed and the President signed the Omnibus Diplomatic Security and Anti-Terrorism Act of 1986. This landmark legislation, which resulted from careful crafting by the Congress, gave us a major start on the authority and resources necessary to implement the recommendations of the Advisory Panel on Overseas Security chaired by Admiral Bobby Inman.

This legislation authorized $2.4 billion to launch a worldwide diplomatic security effort. Consequently, we have begun a multi-year program to replace and upgrade facilities at our most vulnerable posts overseas. The Inman Panel found that buildings at 134 of our 263 posts were substantially below minimum security standards. This led to our joint commitment to begin the most extensive construction program in the Department's history. To complement that, we also have upgraded security at many of our most threatened posts. We have installed specially designed walls and gates at 74 posts where they were especially necessary, and have made major security improvements at 107 other posts. And, we have initiated steps to strengthen our ability to defend against the increasingly sophisticated efforts of hostile intelligence agencies.

While the embassies themselves continue to be the principal targets of the terrorist, we are also highly concerned with the safety of Americans abroad outside the workplace. We are attacking this problem in two ways. First, since the personal security of our employees and their families depends in large measure on defensive skills, we are expanding our security awareness training for employees and their dependents. During the past year, our security experts also have visited thirty critical and high threat posts to instruct Americans and foreign national employees in protective tactics such as personal defense, hostage survival, and defensive driving. Second, we are implementing a residential security program which includes installation of mechanical security systems; augmentation of guard forces and enhancement of their mobility; and improved communications capabilities.

We are also improving exchanges of intelligence with our allies and communication among U.S. agencies. The new interagency threat alert system has improved our ability to give our embassies -- and American communities overseas -- early warning of impending anti-American terrorist action and analyses of terrorist threats and trends.

American business overseas has also recognized the need for action as the threat of terrorism abroad has increased. In 1985 we established the Overseas Security Advisory Council, comprised of representatives of other interested U.S. agencies and American business organizations, to provide an institutional link between the government and the private sector on security matters. Under its aegis, more than 120 corporate security directors and representatives of public interest groups, as well as 138 subsidiaries of U.S. firms, participated in a survey of the security needs of the American private sector overseas.

With the programs to provide for the most urgent security needs of our people abroad initially funded and under way, we are now shifting the focus of our efforts toward programs which will enhance our technical security posture.

When added to on-going requirements of $157.3 million and 536 positions, these program increases result in a total 1988 diplomatic security budget request of $231.7 million and 794 positions. This is much to ask in a year of severe budgeting constraints, but I believe both the Congress and the Executive want to provide the resources to take these needed steps.

FOREIGN BUILDINGS

In an area which is closely related, let me now turn to our construction program.

As we all know, there has been criticism of the past performance of the Office of Foreign Buildings. Some was absolutely justified. However, in the past three years we have done much to improve FBO's management and procedures.

Indeed, such examples of mismanagement as the Residence in Cairo and several other projects of the late 70's and early 80's provides neither a fair nor an accurate assessment of FBO's current capabilities and performance. In recent years, FBO successfully completed six major construction projects and, in particular, in the last eighteen months, there have been major improvements in FBO's leadership management systems and in the quality of its personnel. FBO has moved successfully from managing an average of four or five large projects a year to managing a current program of sixty-one major projects and several hundred small ones.

FBO has also contracted with Sverdrup Corporation for program management services. This is a contract which has been very satisfactory, and which will bring private sector expertise to all aspects of FBO's operations, both in terms of on-going projects and in terms of transferring contemporary program management techniques to FBO. FBO is undergoing a reorganization to provide a structure which is capable of rapidly integrating these new management processes and systems brought to the organization by Sverdrup and has, most importantly, established a system of management responsibility and accountability for each project.

We will continue to work closely with you in furthering our joint efforts in this area, but my concern is that FBO needs a period for consolidation of efforts already underway, with reality being closely monitored by us and in the Congress --

before continuing on another round of organizational and procedural changes.

Next, let me take up several of our other programs which are of major importance, and which requires your attention as our authorizing Committee.

CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS

Armed with the clear requirements of Congressional action, we succeeded last December in having the United Nations take what the President has described as "an historic step to adopt sweeping reforms of its organization and methods of operation...designed to strengthen the organization's effectiveness and efficiency in carrying out its important political, economic and social objectives." To follow through on these important reforms and to extend them to the Specialized Agencies, we need the continued active support of the Congress.

As the result of a U.S.-led reform effort, the UN General Assembly established a consensus-based procedure for decisions on the overall size and program priorities of the UN budget. The United States and other major contributors now have the possibility for greatly increased influence over the management of UN resources. Properly used, this will have a significant and positive impact on the overall UN political process.

Follow through on the reforms achieved in New York requires modification of the Kassebaum/Solomon Amendment (Section 143 of P.L. 99-93) to take account of these reforms and a corresponding budget amendment. This modification would authorize such additional sums as may be necessary to restore U.S. assessed contributions to their proper level in CY 1987-88.

The significant accomplishment in New York represents the culmination of six years of serious effort by the Executive Branch, working in concert with the Congress. Continuation of this combined effort is necessary at this critical stage in order to take advantage of the possibility we now have for effectively reasserting important U. S. interests through our strengthened participation in the UN and other international organizations.

Our membership and active participation in international organizations benefits us in many ways. They provide permanent forums in which we seek support for our policies, our interests and our values, as well as to pursue multilateral programs which advance those interests. They provide a means of settling disputes peacefully, furthering human rights and promoting cooperation in development assistance, agriculture, technology, health and transportation. They also provide a means of access to legal decision making and arbitration through courts and administrative bodies operating at international levels.

CONSULAR OPERATIONS

Perhaps the most visible casualty to American citizens, our constituents, of budget reductions is the quality of our consular operations both at home and abroad. Without adequate resources to hire temporary help, the Department will not be able to issue passports, or nonimmigrant visas as rapidly as we now do. Today we issue the majority of our passports either the same day or within a ten-day period if the application is mailed in. At most of our posts we issue nonimmigrant visas either the same day for walk-ins or within three days for mail-in applications. Because there are peak seasons in both categories, over the years, the Department has made a conscious management decision to hire only that permanent staff needed to process normal demand. To do otherwise would not be a judicious use of our limited resources. To meet the peek season demands we have relied solely on temporary personnel to carry us through without creating enormous backlogs. We recognize, as do you, the complaints you receive when citizens or aliens have to wait for our services.

The time has come when we may have to live with the frustration of our citizens and the disappointment of those aliens who want to visit our country for business or vacation purposes. We will do what we can to explain the reasons for the delays. More troubling, however, is the foreign exchangeincome the United States would lose in tourism revenues because of the delays which will inevitably result from a cut back on all services. The reduction in services comes at a time when the majority of our European and Japanese posts are being swamped by a record increase in the demand for nonimmigrant visas. We have no choice but to cutback. For example, the Bureau of European Affairs' budget has been hard hit, not only by reduced budget authorizations, but by the strengthening of foreign currencies against the U.S. dollar. There is no money for "summer hires" to carry us through the deluge of applications we are receiving. Embassy London's nonimmigrant workload is up 30% over last year and the consular section has had to take some very drastic measures to keep up with the demand, including closing for one day and shortening the hours of the visa information counter to half-days only. Even so, London is not sure how long they can stay current. Embassy Bonn estimates that it will have a shortfall of 6,248 staff-hours, representing 34,000 visas. If German citizens follow their normal pattern, they take three to four weeks holiday and probably spend a minimum of at least five hundred dollars. That is 17 million dollars in lost revenue from the Bonn consular district alone.

Another seriously affected service will be our ability to visit American prisoners. We simply do not have the travel money at a number of posts to be able to maintain the same schedule of visits where American citizens are incarcerated in prisons which require any long-distance travelling. During 1986, 2,827 Americans were reported arrested in 101 countries. 1,369 of these Americans were jailed, the majority of them in developing nations. We believe frequent visits are necessary to assist with widely-variant judicial systems, sluggish bureaucracies, culture shock and health problems. Yet, prison visits are costly. Embassy Mexico, for example, regularly has Americans imprisoned in ten cities outside Mexico City. Each visit entails travel funds and approximately two days of an officer's time. While there may be few prisoners in Fiji, the consular district is large and officers must travel significant distances to prisons on Tahiti and other islands. In Canada, Calgary has four Americans imprisoned 500 miles from the post, and has several other prisons located outside a one-day trip. We have to begin thinking about cutting down the number of personal visits and conducting visits by telephone.

Finally, until we know the fate of our supplemental requests, we have to worry about how we fund the substantial costs associated with implementation of the Immigration Reform and Control Act of 1986.

REFUGEE PROGRAMS

The American people have demonstrated a deep and enduring commitment to providing assistance to victims of political repression. Addressing world refugee needs through international assistance programs overseas and resettlement of refugees to the U.S. continues to be an important U.S. foreign policy goal. Besides its humanitarian goals, refugee programs also address other foreign policy concerns through support of developing country governments which are shouldering the burden of supporting needy refugees while trying to meet the needs of their own citizens.

For these key programs, the Department is requesting an authorization of $314.5 million for 1988, a reduction of $32.4 million from the 1987 appropriation. At this level of funding, we project that the United States will maintain its position as an acknowledged world leader in assisting more than eight million refugees worldwide through annual contributions of more than 25% of multilateral and bilateral refugee programs. We estimate that we will welcome approximately 55,000 refugees to a new homeland in the U.S. (The actual refugee ceilings will be determined by the President in consultations with the Congress shortly before the beginning of the fiscal year.)

We recognize that the Congress will give the Administration's budget request close scrutiny. We have been and are prepared to continue to cooperate with the Congress, on which we are totally dependent for appropriations, in this process.

PREPARED STATEMENT OF FS-1 GROUP

I. Who We Are

The FS-1 Coordinating Group speaks on behalf of several hundred FS-1s and other officers deeply concerned about career issues who have endorsed a January, 1986 paper on the Foreign Service personnel management crisis. Class 1 officers generally have between 18 and 25 years service, at least four overseas postings, and one or more foreign languages at the working fluency level. Officers range in age from the mid forties to mid-fifties.

The current class of FS-1s faces a rigorous up or out system. All officers in the class were given twenty years from the date they were promoted to a specified rank (FSO-5, now FS-3) to cross the senior threshold. Under the Foreign Service Act of 1980, all FS-1s who wished to compete for the Senior Foreign Service (SFS) were required to declare so formally to the Office of Personnel. These officers were then given six consecutive promotion boards in which to compete for the SFS. The procedure has come to be known as the "Six-Year Window." USIA and AID have a seven year window. If an officer is not promoted during this six year period, he or she is involuntarily retired with pension even though the twenty year time-in-class (TIC) clock may not have expired.

In the summer of 1986 the first "cohort", or group to opt for the SFS, faced its sixth and final board. According to our calculations, 113 FS-1 officers confronted the alternative of promotion and continuation of their foreign service careers or involuntary retirement. Nine of the group were promoted. Of the remaining 104 who will be retired this year, 50 will be separated solely due to the six-year window, 29 will leave because of 20 year TIC coterminous with the six-year window, and 25 because of TIC only. In 1987 and 1988, similar numbers of officers will face this exercise. At the end of the period, as many as 300 FS-1s will have been involuntarily retired.

II. Problems in Implementation of the 1980 Act

FS-1s are committed to the concept of an up or out service. We have always been aware that all of us would not reach senior rank and we support the principles of evaluation by our colleagues and selection out for time-in-class. We do have high expectations, however. A recent survey showed that two-thirds of foreign service officers expected, when they joined the Service, to reach the SFS. In reality, only about half the officers who make FS-1 go on to the SFS. The 1980 Act, with its strong advocacy of "a regular and predictable flow of talent up through the ranks and into the SFS", is consistent with the expectations of FSOs. We were given the impression that promotion rates would, if anything, increase. Because of this expectation and because of the language used by management in describing the window exercise, an unexpectedly large percentage of newly promoted FS-1s opted for the SFS in 1981, 1982 and 1983.

The reality was very different. As the attached chart graphically portrays, promotions into the SFS in the years 1983, 1984, and 1985 fell an average of 30 percent below previous historical levels. This dramatic drop resulted in part from less than expected attrition in the senior ranks, as lifting of the pay cap and a raising of the mandatory retirement age in the early 1980's induced a number of senior officers not threatened by TIC limits to postpone retirement. Furthermore, a large percentage of those who did face TICs were successful in obtaining Limited Career Extensions (LCEs). In practice, these three year extensions, provided for in the 1980 Act to permit the service to retain senior officers with needed skills, have a direct negative impact on FS-1 promotions into the SFS, and have a cascade effect downward through the ranks on promotion numbers.

Unlike the military, our much smaller service must work on the basis of promotions to upward vacancies. Slower attrition, a higher than normal level of non-career appointments, and a generous LCE rate combined to reduce promotion opportunities. Finally, Department Management, reacting to tight budgetary constraints and to cut a perceived surplus of senior officers, decided to reduce the size of the SFS by 120 positions or 19 percent, adding further to the adverse promotion climate for FS-1s who "opened their windows" in the initial years of the program.

The attached chart reveals that the burden of adjusting to these major changes in the "rules of the game" fell disproportionately on the FS-1s. The 1986 promotion board results show that senior officers threatened by a career ending TIC had a 78 percent chance of survival. FS-1s had a 8 percent survival rate. 46 percent of the officers in Cohort 1 (and 40 percent of those eligible) who opened their windows in 1981 have been promoted into the SFS. This is less than anticipated, and is below historical performance. The picture is worse in the second (1982) cohort. This group will end up with a promotion rate of only 36 percent, far below both management projections and expectations of self-confident officers who opened their windows that year.

III Costs to the Government and Taxpayers of these Policies

Career officers of all classes are troubled by the way the Service has been managed since 1980.

--- Junior officers see greatly reduced chances of a career beyond FS-1 and their late forties - early fifties. Their resignation rate is up. Many question commitment to an abbreviated career.

--- Mid career officers have similar concerns but find it harder to make a career change for reasons of family and skills transferability.

--- FS-1s, bearing the brunt of management's program to reduce the size of the SFS and downgrade senior positions, face massive and unfair involuntary retirement in the next two years.

--- Senior officers, attempting to fend off drastic reductions in LCE rates, find themselves at odds with other groups in the service.

All groups believe the Foreign Service Act is not being implemented according to the intent of Congress. Because of the drop in the promotion rate into the SFS, officers shun all but a handful of glamorous jobs. The environment also seems to be having a more subtle effect - changing attitudes toward risk taking, dissent, and service discipline.

The purpose of the 1980 Act was to "strengthen the Foreign Service". Current policies seem to be doing just the opposite.

--- We risk depleting our pool of language, area, and functional skills and weakening State's voice in interagency circles.

--- The policy of reducing promotions into the SFS through the administrative expediency of LCE authority to save a larger number of seniors threatened by TIC expiry violates the intent of the Act.

--- By retiring such large numbers of experienced FS-1s, we risk creating a"generation gap" in the flow of officers to the top.

IV. What is Being Done to Improve Implementation of the Act?

Our group circulated a paper a year ago entitled "Crisis in Foreign Service Management" which addressed the problem from the perspective of the mission of the Foreign Service as a whole. We worked with our professional and collective bargaining organization, The American Foreign Service Association (AFSA), to raise consciousness on this issue. We met with senior Department officials and we developed and submitted a proposal to them (attached). At the same time, the working level in the personnel system recommended, and senior personnel officials joined in advocating, that management adjust or even abolish the 6 Year Window to reflect the changed promotion environment. They were overruled.

In late 1985-early 1986, AFSA held a series of open meetings with Management to discuss the problem. Subsequently, following the September promotion list which made manifest the numbers and names of those prematurely retired, AFSA responded with a paper with title and content similar to ours. In December the AFSA State Standing Committee, with participation of members of our group, prepared a package of modest proposals not requiring new legislation. AFSA sought thereby, to engage Department Management in good faith dialogue on this critical problem of resource protection and fair play in implementing the 1980 Act.

Management replied that "the Foreign Service needs more time to assess and adapt to the changes which have come with the passage of the Act before we consider making adjustments to present procedures". This view seems to us to be similar to that of the ship captain who elects to stay on course no matter what obstacles may lie in the way. In this case, the rocks may wreck the Foreign Service. We see nothing wrong with choosing to alter course rather than waiting to hit the rocks and see what happens. Some of the needed changes in course can be made without amending the Act. Congress gave the Department considerable latitude in administration. Others may require legislation.

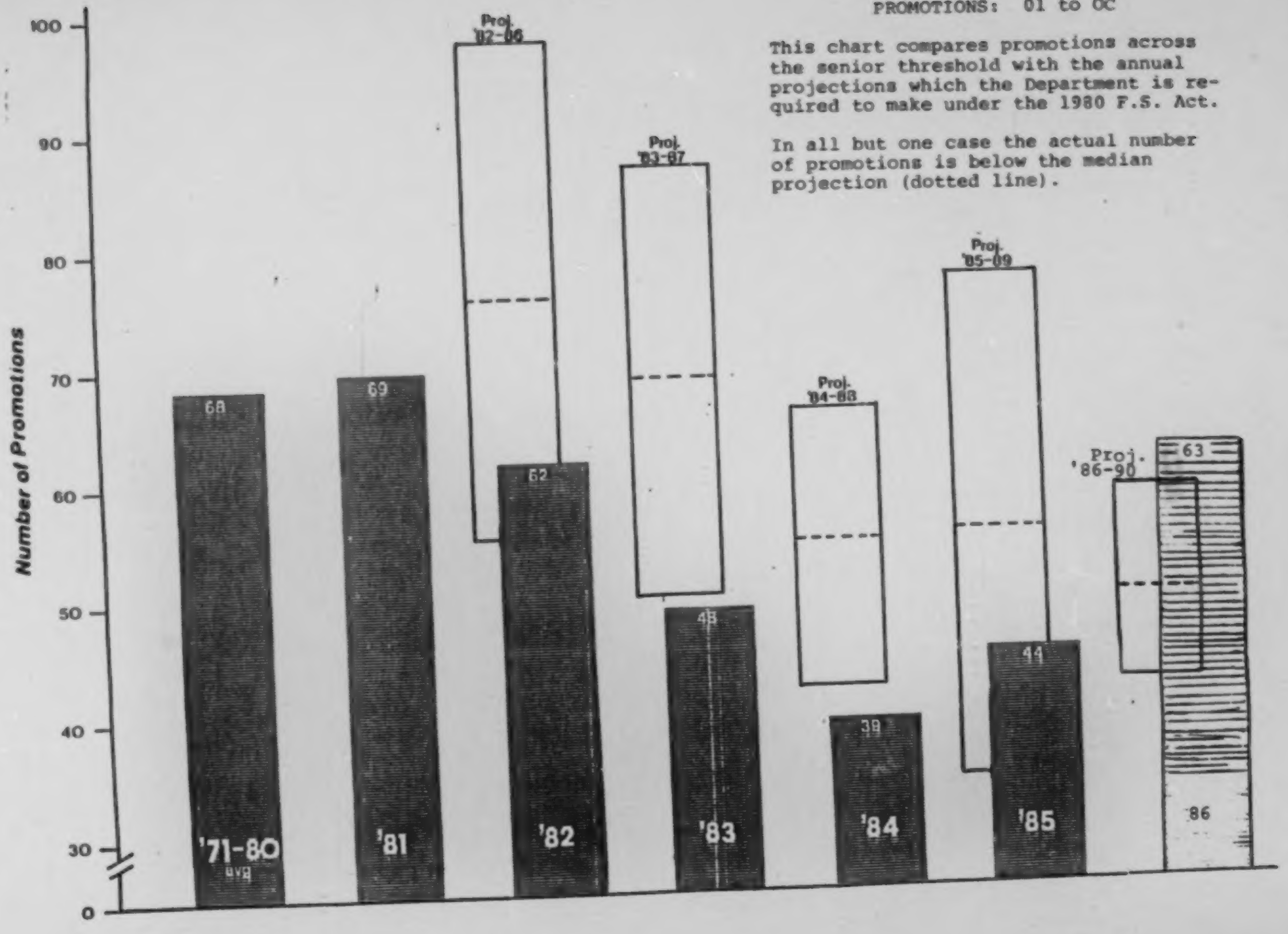
V. Corrective Course of Action

After five years of implementation of the 1980 Act, certain things are clear. The goal of regular and predictable upward flow of talent has not been achieved because policies on time in class limits for mid-career and senior officers are flawed. Management has chosen to deal with these flaws in a way which makes promotion into the SFS dependent on the rate of senior Limited Career Extensions. As a result, an unexpectedly large number of FS-1s who are excellent officers and who would have been promoted in more normal times are being retired prematurely.

In order to rationalize the system two things must be done:

--- Management, working with the collective bargaining agent, AFSA, must make adjustments which will allow implementation of LCEs in conformity with the law. In the longer term, we must seek balanced ways to retain needed senior officers without unfairly impeding promotion opportunities from below.

--- Relief must be provided to those officers who could have reasonably expected to be promoted had the Act been implemented in a balanced manner. The best way to accomplish this might be a review (similar to the LCE process for seniors) of officers forced to exit solely because of the window. Those officers who were highly ranked by the Promotion Boards but not reached for promotion might be granted additional time to compete. We proposed this to Department leadership last year but we were told the Act did not permit it. We believe the Committee should examine the need to amend the Act to make this relief possible.



PROMOTIONS: 01 to OC

This chart compares promotions across the senior threshold with the annual projections which the Department is required to make under the 1980 F.S. Act.

In all but one case the actual number of promotions is below the median projection (dotted line).

COMPARATIVE DATA: PROMOTION/RETENTION RATES FOR ENDANGERED SENIOR OFFICERS VS. ENDANGERED FS-01s*

SUMMER 1986 BOARDS

(I) NO. AT RISK(TIC OR WINDOW)	(II) NO. PROMOTED	%	(III) BALANCE	(IV) LCEs	LCEs: % OF(I)	LCEs: % OF(III)	(V) TOTAL: II+IV(%)	(VI) NON-LCE/ &/OR NOT PROMOTED	% OF I	% OF III
CM - 14	0	0	14	14	100%	100%	14(100%)	0	0	0
MC - 98	2	2.04%	96	74	75.5%	77.1%	76(77.6%)	22	22.45%	22.9%
OC - 22	8	36.36%	14	9	40.1%	64.29%	17(77.27%)	5	22.73%	21.77%
TOT: 134	10	7.46%	124	97	72.39%	78.23%	107(79.85%)	27	20.15%	21.77%
O-1s FACING 20 YEAR TIC:26	1	3.85%	25	-	-	-	1 (LCE N/A)	25	96.15%	100%
O-1s FACING 20 YEAR TIC + 6-YR WINDOW: 31	2	6.45%	29	-	-	-	2 " "	29	93.55%	100%
O-1s FACING 6-YR WINDOW ONLY: 56	6	10.71%	50	-	-	-	6 " "	50	89.29%	100%
TOTALS: 113	9	7.96%	104		-	-	9(7.96%)	104	92.04%	100%

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* NOTE: FROM SPRING, 1985 COMPUTER PRINTOUT--MAY NOT BE COMPLETELY ACCURATE(E.G., MAY NOT INCLUDE CHANGES IN O-1 TICS RESULTING FROM SUCCESSFUL GRIEVANCES, COMPUTER INPUT ERRORS, ETC.) BUT PROVIDES USEFUL ORDER OF MAGNITUDE COMPARISONS

IN SUM: THESE FIGURES DEMONSTRATE 80% OF SENIORS "AT RISK" RETAINED--MOST VIA LCEs--WHILE ONLY 8% OF O-1s AT RISK ARE RETAINED. MANY OF THE NON-PROMOTED O-1s HAD BEEN RECOMMENDED FOR PROMOTION BUT NUMBERS UNAVAILABLE DUE TO WIDESPREAD USE OF LCEs!

THUS IN NO WAY CAN IT BE HONESTLY STATED that THE BURDEN OF THE NEW ACT IS BORNE EQUITABLY BETWEEN SENIORS AND O-1s AS O-1s FORCED TO RETIRE AT TEN TIMES THE RATE OF SENIORS!

May 6, 1986

A Proposal to Preserve Excellence in and Restore Predictable Personnel Flow to the Foreign Service

The Problem. Some 200 FS-1 officers face involuntary retirement in 1986 and 1987. Many have managerial experience and language and area specialities -- the "street skills" of the American diplomat -- which cannot be replaced in the short run. At a time when the Department is seeking to improve its reporting and analytical capabilities, it stands to lose an inordinate number of seasoned professionals in whom our government has invested heavily.

The goal of a lean and effective Foreign Service, promoting our best while winnowing out our least competitive, should be paramount. However, a slowing of retirement of senior officers and a major downgrading of SFS positions have reduced promotion opportunities for FS-1s. This threatens to force out many whose 20-year time-in-class and/or six-year senior threshold window expires in 1986 and 1987. After the promotion boards meet this summer, as many as 133 FS-1s face a premature end to their careers.

A Two-part Solution. One short-term and one long-term action could go far to preserve valuable, hard to replace skills, provide a considerable measure of equity to both FS-1s and senior officers and improve the flow of talented officers through the ranks.

I. Temporary Use of LCE Authority for FS-1s.

-- The Secretary could decide to utilize the authority in the Foreign Service Act of 1980 to grant limited career extensions (LCEs) to qualified FS-1s who are not promoted into the SFS and who otherwise would be forced into retirement under the 6-year window and 20-year TIC provisions.

-- The promotion panel considering FS-1s for promotion into the SFS would recommend granting of LCEs in a manner parallel to that used for senior officers.

-- The LCEs granted to FS-1s should be for three years, i.e. the same period given to senior officers. Shorter periods create inefficiencies in the assignment process.

-- An FS-1 who receives an LCE would remain eligible for promotion across the senior threshold.

-- The number of FS-1s granted LCEs would be roughly the same as the number of seniors who receive LCEs.

-- Use of the LCE authority for FS-1s is envisaged for three years (1986-88), by which time flow through the senior ranks should be improved.

-- Precepts for selecting FS-1s to receive LCEs should be prepared. These would establish the guidelines of experience, language and area expertise and other skills which the Department wishes to preserve. The regional and functional bureaus should be consulted in drafting these precepts.

II. Development of a Program to Encourage Early Retirement.

The Department should develop increased incentives for senior officers to retire voluntarily, such as:

-- Basing annuities on "high one" rather than "high three."

-- A one-time "golden handshake" to encourage senior retirements. (The Canadian Government recently used such a program to obtain voluntary retirement of over 400 senior public servants.)

January 1986

CRISIS IN FOREIGN SERVICE MANAGEMENT

INTRODUCTION

Beginning in late 1986, the State Department intends to force a disproportionately large number of its FS-1 officers into retirement. The loss of such a large group of experienced, talented officers is likely to have profoundly adverse effects on Foreign Service morale and harm the conduct of U.S. foreign policy. This situation results more from internal decisions than outside pressures and should be rectified urgently by some combination of measures, such as modifying the six-year window, downgrading fewer senior positions or creating a "parachute" for unsuccessful senior threshold applicants. Serious questions of equity are also raised by the draconian application of this policy to one small element of the service.

This paper was prepared by a group of concerned Officers. The authors are confident of widespread support for the views expressed herein.

PREMISES

-- The President and the Secretary should have the best talent available in the career service to implement U.S. foreign policy.

-- The Foreign Service must be internally competitive, rewarding its best achievers with rapid advancement through the ranks. Early selection out should force out the least competitive.

-- The Department should seek to manage the Foreign Service so as to provide a satisfactory career structure for its officers.

-- Forcing a large group of FS-1 Foreign Service Officers into early retirement is wasteful of the talent and expertise of this group and an unnecessary expense to the government.

-- Management of the senior threshold and limited career extension (LCE) provisions of the Foreign Service Act of 1980 has not been consistent with the intent of the Congress.

-- Rigorous application of the six-year window to senior threshold applicants who opened their windows in 1981-1983 is unfair. Special relief should be provided this year.

THE LAW AND ITS INTENT

> "Promotions into the Senior Foreign Service shall be recommended by selection boards only from among career members of the Service assigned to class 1 in the Foreign Service Schedule who request that they be considered for promotion into the Senior Foreign Service. The Secretary shall prescribe the length of the period after such a request is made..."
>
> ...Foreign Service Act of 1980, Ch. Six, Sec. 601(c)(1)

The law does not prescribe a six year limit. The Department sets the limit, and originally considered five years. USIA and AID have a seven year limit.

Discussion of the act in the drafting stages and the legislative history make clear that the window was intended to:

- -- strengthen the merit principle, by insuring that only those qualified for the SFS were promoted into it, thereby reducing the number of marginally qualified seniors;
- -- permit early retirement of less competitive officers;
- -- permit appropriate flow of more junior officers up through the ranks.

In fact, implementation of the law, particularly the senior threshold window, in the years since adoption of the Act has not served these purposes.

THE IMPLEMENTATION

The first selection board under the new Act met in 1981 to consider candidates promoted to FS-1 in 1979 or earlier who had chosen to open their windows. An attached chart (Tab 1) shows that the board promoted 69 officers to the SFS, just about the 1971-1980 average. In subsequent years, promotions dropped off sharply, reaching 39 in 1984 and rising to only 44 in 1985. The chart also shows the five year average promotion projections which the Department was required to give to the Congress just prior to each annual board. These projections have been wildly off the mark. What happened?

- o The extension of the retirement age to 65 and lifting of the pay cap reduced attrition in senior ranks.
- o LCE's for seniors were handed out at the generous average rate of 65 percent from 1982 to 1985. This was a rate considerably higher than the authors of the Act expected.
- o An unexpectedly large number of newly promoted FS-1's opted for the window in 1981-1983 because the promotion outlook was good. Management had made promotion assumptions which implied a healthy flow through the senior grades.
- o However, Management changed the rules of the game, calling for a cut in both SFS positions and personnel. The downgrading (see Tab 2) of 20 percent of all senior positions to the FS-1 level (including 97 Economic, Political, Consular and Administrative "generalist" positions) was billed as neutral in effect on individual welfare. No mention was made of

the fact that this exercise would sharply reduce promotion rates.

The combination of a major downgrading plus the 20 percent cut in SFS personnel announced in 1985 will drastically reduce the chances of promotion for 57 FS-1's who opened their windows in 1981 and face their last board in 1986. In the wake of the recent downgrading of senior positions, the 1982 and 1983 "cohorts" are apt to be even more adversely affected.

- The 1984 and 1985 SFS threshold boards were sharply critical of existing evaluation and promotion procedures. Boards can do little more than agree on who the top 10 percent of candidates are and perhaps the bottom 5 percent. It is becoming almost impossible to make distinctions within the greater group of mid ranked officers.

  > The 1984 Board wrote: "...the Director General will note the high percentage of FS-1 officers whom the Board considers fully qualified for promotion now into the Senior Foreign Service. Given the paucity of promotion opportunities this year and perhaps in the next several years as well, the Board is deeply concerned by the strong probability that a number of talented FS-1 officers will be forced into premature retirement when they are entering their prime years of service to our country."

Implementation of the 1980 Act provisions for promotion and management of the SFS has spawned a host of discontinuities and aberrations which threaten the effectiveness of the Department of State:

- The six-year window has become meaningless. Most officers now choose to play it safe by waiting to apply for the SFS until 6 years before the 20 year TIC. The senior threshold exercise is now viewed as a "lottery" which should be put off as long as possible rather than the positive merit-based selection it was supposed to be. The six-year window seems more like a trap door rather than a fine meshed screen to winnow out lesser from greater talents.

- Cutthroat competition for the dwindling number of jobs, mainly "stretch" assignments above an officers grade level, which offer some prospect of promotion (Tab 3) is beginning to affect the assignment process. The regional bureaus are finding it hard to staff many overseas positions. The functional bureaus are having trouble drawing good candidates even for attractive positions. All bureaus are concerned that the planned implementation of the six-year window will quickly result in shortfalls in language, area and functional expertise.

- Management has chosen to deal with the perceived problem of too many senior officers, many of whom are reluctant to take overseas tours, by attacking the prized foreign service concept of rank-in-officer by reducing "stretch" assignments and by imposing drastic cuts in senior personnel and positions. Rather than alleviate the problem, this approach reinforces recent changes in attitudes.

- The squeeze at the senior threshold is almost certainly having other, less visible effects. Valuable traits of non-conformism, independence and dissent are threatened by a system in which one indifferent EER can spell the premature end of a career.

- Lower ranking middle grade and junior officers have begun to take notice of this downgrading of expectations. Incoming officers are getting the message that 75 percent of them will have no career beyond FS-1, generally after age 50 to 52. Junior officer resignations have tripled since 1980. Many junior officers see the Foreign Service as less and less a career and more a short term job opportunity.

The Foreign Service appears moving progressively toward a rigid, Civil Service-like system. Service discipline will suffer. We will find it harder to develop deep area and functional specialists. "Rising too fast" will be seen as foolishness. Caution will be viewed as the most rewarding course.

FAIRNESS AND CHANGING THE RULES OF THE GAME

By failing to implement the Act according to expectations and by drastically changing the rules of the game, Management has violated elementary principles of fairness.

Congress did not mandate that we move toward the Civil Service model or change our personnel profile to look more like an infantry battalion than a law firm or university faculty. Congress left it to the Management of this agency to implement the Act. Now that implementation has gone awry, Management has chosen a blunt instrument. Is purging in the next few years up to one third of our FS-1 level officers at the peak of their abilities the way to get back to the ideals of the Act? We think not. If Management had continued to promote steadily into the SFS at even the moderate rate of 1982, many of the excellent officers who now face the axe would have crossed the threshold. Management will argue that although rigorous application of the window will be unfortunate for those affected, the Service will not suffer because there is sufficient talent on the way up to repair this loss. We think Management is wrong. (see Tab 4).

THE REAL WORLD OF THE CURRENT FOREIGN SERVICE PERSONNEL SYSTEM

The current implementation of the Foreign Service Act of 1980, particularly the Department's dogged adherence to rigid application of the six-year window, is not fostering a Foreign Service of the United States that supports the national interest. Pressure to reduce the Foreign Service, particularly its senior component, comes from government managers not primarily concerned about the work of the Foreign Service but seized of the idea of conforming it to government-wide models, from zealous budget cutters, from special interests not concerned about an orderly foreign policy in the service of the nation, or from government-wide study commissions. This approach is taking its toll:

- It tends to set various groups of Foreign Service Officers against each other, as they seek to maintain shares of a downgraded Service.

- It negates the premises implicit in the information available since adoption of the Act to officers obliged to make choices about functional specialization, assignments and promotion, especially promotion into the Senior Foreign Service.

Other models would not serve the needs of the country:

- The military model permits retirement after 20 years service, which begins in an officer's early 20's. At retirement, the officer is still young enough to easily launch a second career supported by a pension equivalent to half base salary. This model should not be imposed on a Service which demands many more years of academic preparation where the entering age now averages 31 years and which offers a pension 20 percent smaller. In addition, the Foreign Service requires development of skills and knowledge which become more rather than less applicable as one reaches professional maturity.
- The Civil Service model, with job classifications based largely on supervisory responsibility, is generally irrelevant. The most essential work of the Foreign Service is to deal with foreign governments, institutions and peoples, not to supervise internal government operations.

NEEDED: A STABLE FOREIGN SERVICE CAREER SYSTEM

The nation would be best served by development, maintenance and aggressive advocacy and defense (before the Congress, the Executive branch and the public) of a Foreign Service personnel system adapted to conduct of the foreign affairs of the nation with optimal effectiveness.

The Foreign Service needs a stable, one-career system with enough job security to permit development of needed specialized professional skills, sufficient rank in its various positions to perform competently its many jobs, and honestly stated promotion opportunities both to attract and retain the best talent which the nation can provide.

ALTERNATIVES TO SELF-DESTRUCTION

The most immediate threat to the maintenance of a competent Foreign Service is rigid implementation of a senior threshold window mechanism, conceived under different times and circumstances. It is leading to a disastrous deprivation of the Foreign Service of essential professional skills in the short run, and of essential career motivation for the entire Foreign Service in the long run. Many Foreign Service officers question its wisdom and utility in principle under any circumstances. Even those willing to accept it in principle question the manner in which it is being implemented.

Until 1981, such a "window" did not exist. There are more rational, fair and non destructive instruments at hand to achieve Management's objectives of a "lean and competitive Foreign Service":

- grant fewer limited career extensions to seniors
- adjust time-in-class policies to avoid congestion in middle grades
- pursue more rigorous selection out of the least competent at all ranks

- establish meaningful, substantive selection-in criteria for the SFS
- seek legislative authority to allow early voluntary retirement, for example, after 20 years of total service, with adequate pension for those who wish to leave for compassionate or other reasons

Other "parachute" measures, some of them short term, might include:

- preference or quotas for officers who opted for the threshold in 1981-1983
- establishment of temporary sub-cones or quotas to overcome shortages of qualified officers at senior levels in program direction and specialized fields.
- differentiated TICs for officers who have served in non-competitive generalist positions, especially long term training and details to other agencies.

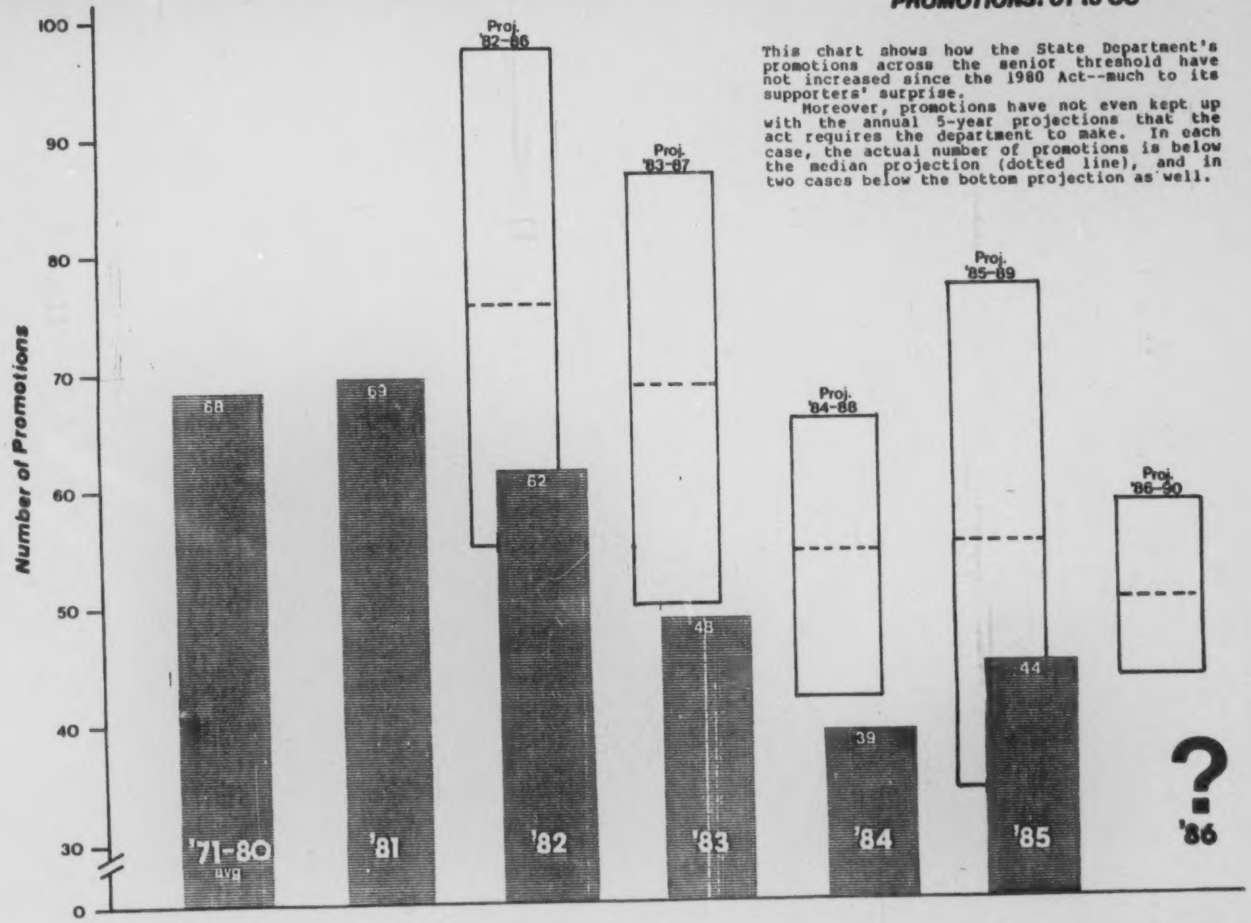
Most importantly, in order to deal with the underlying problem the Department should:

- reexamine the premises under which it currently plans to downgrade no less than 20 percent of all Senior Foreign Service positions. With a clearer understanding of the work of the Foreign Service, Management should be willing to advocate within the Executive Branch, to the Congress, and to the public the importance of a strong and well-qualified Senior Foreign Service.

PROMOTIONS: 01 to OC

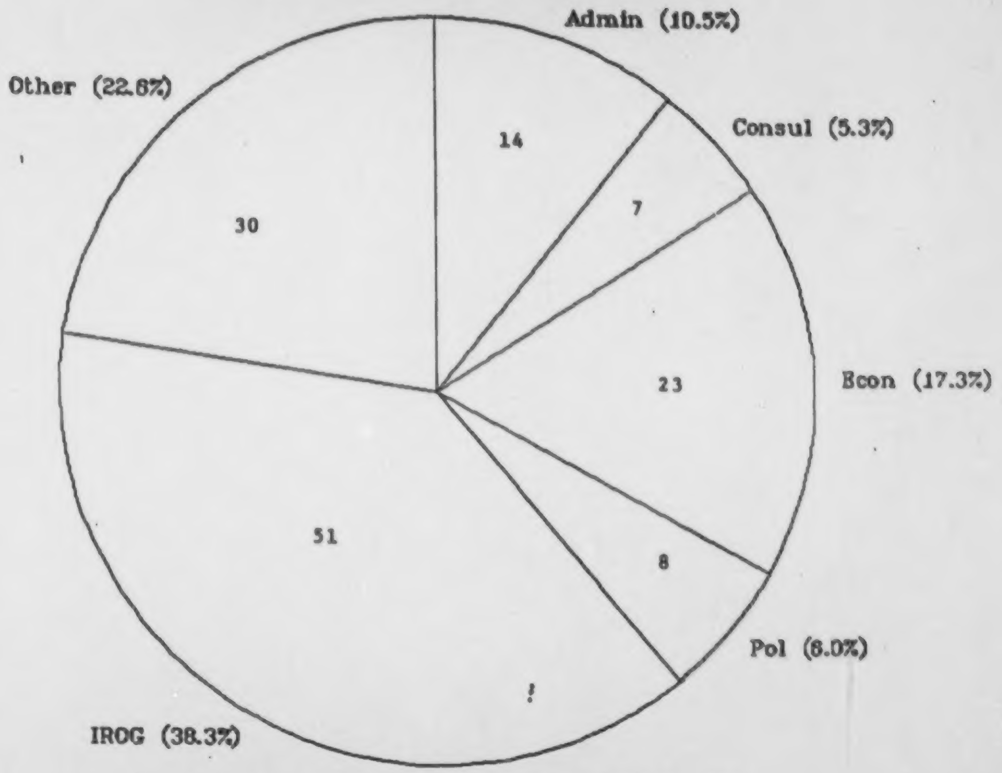
This chart shows how the State Department's promotions across the senior threshold have not increased since the 1980 Act--much to its supporters' surprise.

Moreover, promotions have not even kept up with the annual 5-year projections that the act requires the department to make. In each case, the actual number of promotions is below the median projection (dotted line), and in two cases below the bottom projection as well.



SENIOR FOREIGN SERVICE REVIEW

Percentage of Total Downgrades by CONE



Total Senior Positions before Downgrading: 796

Total Senior Positions after Downgrading: 670

PROMOTIONS TO FE-OC IN 1985

I. Promotions by Functional Cone

	No.	Percent
Political	18	40%
Economic	10	22%
Consular	8	18%
Administrative	8	18%
Labor	1	2%
TOTAL	45	100%

II. Number Promoted/Opting for Promotion

	Promoted	Opted	Percent
Political	18	238	7.6%
Economic	10	159	6.3%
Consular	8	63	12.7%
Administrative	8	101	7.9%
Labor	1	8	12.5%

III. Promotions by Job

Ambassador	2	Labor Off.	1
DCM	9	Consular Off.	4
Principal Off.	3	Admin. Off.	1
Pol/Mil Off.	1	GSO	1
Political Off.	3	Other	1
Economic Off.	3		

Office Dir.	4	Country Director	1
Dep. Office Dir.	1	Executive Asst.	1
Executive Dir.	2	Economic Off.	3
Dep. Exec. Dir.	3	Other	1

Profiles of some FSOs who will be forced out of the Department unless promoted into the Senior Foreign Service in 1986 and 1987

FSO A Currently our DCM for a major subcontinent country, previously DCM in a French-speaking African post, held economic-commercial jobs in Europe, Africa and India. Promoted to FS-1 in 1979 after 13 years in the service.

FSO B Currently Economic Officer in Hong Kong with previous service in Saigon, Taipei, Peking. Received Director General's award for reporting. Speaks Chinese, German, and Vietnamese. Made FS-1 in 1979 after 13 years as FSO.

FSO C Management specialist with GAO, Treasury Department and Capitol Hill experience before joining State. Now holding a position in M, with earlier Administrative jobs including Counselor of Adminstrative Affairs in Manila, Cameroon and Syria.

FSO D A Russian specialist, most recently principal officer in Leningrad, previously DCM in Sofia. Moscow, Paris, and Canada. Speaks Russian and French

FSO E Currently DCM in EUR post, Office Director for Southern African Affairs 81-84, Principal Officer in Zaire consulate, Pretoria, Sofia, Kigali. Promoted to FS-1 in 1980 speaks Bulgarian and French.

FSO F Personnel specialist including Personnel Management Office Director, served as Budget and Administrative Officer in Canada, Lagos, and Brussels. Received merit honor award. Speaks French.

FSO G Currently Economic-Commercial Counselor in Taipei, previous service in Peking, Seoul and Italy, Directed EB Office of Investment Affairs.

FSO H Now in training, was DCM in Tanzania 82-84. Previous experience in four African posts including as principal officer in 2 consulates, Saigon. Received Department awards for Heroism and Meritorious Honor. Speaks French, Swahili and Vietnamese.

FSO I Currently DCM in major African post, previously Africa Bureau Office Director, two Turkish postings, Paris, Beirut and Jidda. Speaks Arabic, French and Turkish.

FSO J Administrative Management Officer with service in Manila, Calcutta, and Bern where he was Administrative Counselor. Trained at Harvard in Management. Speaks German. Made FS-1 in 12 years.

FSO K Currently Principal Officer in New Zealand Consulate. Has a PhD from Berkeley, postings in Bern, Libya, Ottawa, New Delhi as Economic/Commercial Officer. Received Department's Honor Award. Speaks French. Made FS-1 in 13 years.

FSO L A Chinese area specialist with assignments in Taipei, Hong Kong and Peking, Special Assistant to both P and D and a Congressional Fellow.

FSO M Currently DCM in a French-speaking African country, this political officer has a PhD. Served in Jakarta, and Manila. Speaks French and Indonesian.

FSO N This political-military specialist was a Atlantic Council Fellow, worked in S/P, ACDA, Paris, Moscow, Berlin and Athens as well as several African posts.

FSO P Currently principal officer in a French-speaking African consulate, previously DCM in a small African country. Saigon, Bangkok, and Ivory Coast. Received Department's superior honor award. Speaks French.

FSO Q Currently Principal Officer at a Consulate in France. Special Assistant in INR and to M. Congressional Fellow. Morocco, Paris, Suriname. Speaks French and Dutch.

FSO R Currently deputy in our UNESCO Mission, previously Executive Assistant to S and to T. National War College, Paris, Saigon. Speaks French.

FSO R Central European specialist having postings in Warsaw and Germany including political counselor, principal officer in Zurich. Received Department's Superior Honor Award. Speaks Polish and German.

FSO S Latin American specialist, Special Assistant to C, currently DCM in a small Latin American country, Guatemala, Ecuador, Lima, Santiago.

FSO T Japan specialist with postings in Sapporo and Tokyo, DCM in three French-speaking posts. National War College. Speaks Japanese and French.

FSO U Economic and Labor Affairs specialist, postings in Peru, Caracas, Paris (OECD), and Principal Officer in a Western European Consulate. Speaks French and Spanish.

FSO V Currently DCM in French-speaking African country, previously DCM in another, principal officer in a consulate in Germany. HA Office Director, New Delhi, Rangoon, Hong Kong, Ghana, Algeria. Speaks French and German.

FSO W Currently Office Director in EAP Bureau, PhD, S/P, ACDA, Moscow, Havana, Mexico, Superior and Meritorious Honor Awards from Department. Age 42. Promoted to FS-1 in 12 years.

FSO X Currently DCM in a Central American country, NSC, Congressional Fellow, EAP Office Director, Panama, Jakarta, Saigon. Speaks Spanish.

FSO Y Currently an Office Director in the PM Bureau. Service in Brussels (NATO), Bonn, Berlin and Uruguay, made FS-1 in 13 years. Speaks French, German and Spanish.

FSO Z African Specialist. Ambassador to Equatorial Guinea, service in Toronto, Budapest. Languages Spanish and French.

FSO AA Currently DCM in African country, UNGA, Tel Aviv, Pakistan political counselor. Superior honor award. Languages Hebrew and Italian.

FSO BB Currently DCM in North African country, Office Director in NEA Bureau, Brussels (USNATO) Beirut, Abu Dhabi, Cairo. Departmental Merit and Superior Honor awards, Speaks French and Arabic.

FSO CC Jidda Political-Military Affairs Counselor, Morocco Political Counselor, Congressional Fellow, Martinique, Zambia, Marseille. Merit and Superior Honor Awards. Speaks French.

FSO DD Latin American Specialist including DCM in El Salvador, ARA Office Director and Bueno Aires Political Counselor. Caracas, Ecuador, Santo Domingo, Mexico.

FSO EE Currently Executive Assistant to C, Saigon, Sarajero, Brussels (NATO), London. Language Serbo-Croatian.

FSO FF Currently DCM in southern African post, Saigon, Munich, Paris, Hong Kong, Principal Officer in Thailand Consulate.

PREPARED STATEMENT OF JOHN RICHARDSON

Mr. Chairman, on behalf of the Board of Directors of the National Endowment for Democracy, I would like to thank you for calling today's hearings and for giving us an opportunity to testify. Our President, Carl Gershman, will be reviewing the Endowment's programs in detail, but I would like to make a few introductory remarks.

The past year was an exciting and satisfying one for the Endowment and, above all, for the continued resurgence of democracy in the world. In spite of severe budgetary curtailments, we have managed to grow stronger as an organization and have provided crucial support in some of the most significant political openings of the last several years.

Our Board members, prominent and committed men and women representing the broad diversity of American political and civic life, take pride in the diversity and creativity of the global program which your support has made possible. For, while our ultimate goal of democracy is the same for all countries, as the organization has evolved it has refined its capacity to respond to democratic needs in countries as politically distinct and geographically dispersed as the Philippines, Haiti, Poland, South Africa, Guatemala, Afghanistan, Chile, among many others.

The Endowment has been successful in utilizing the funds provided by the Congress because of the care that has been taken to establish sound principles, policies and procedures. In this we have been greatly helped by this Committee and individual members of the Congress.

Most gratifying has been the enthusiasm that continues to greet our work abroad. The National Endowment for Democracy is beginning to raise the hopes of democrats everywhere. This is just one indication of the current significance and tremendous potential of this new effort to strengthen democracy on the ground throughout the world.

LETTER FROM SENATOR DeCONCINI

March 24, 1987

Honorable Claiborne Pell
Chairman
Foreign Relations Committee
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

The purpose of this letter is to express to you in the strongest terms possible my opposition to Senate Joint Resolution 90--a resolution disapproving the President's certification with regard to the efforts by the Government of the Bahamas to cooperate in addressing the drug trafficking problem in that Caribbean nation. Let me outline for you and your distinguished Committee the reasons why I believe it is particularly unfortunate that this resolution has been introduced.

First, let me quickly say in no uncertain terms that I have not condoned nor will I ever condone corruption of any kind in any country, particularly corruption connected with the insidious drug trade. As one Senator who has spent the better part of his Senate career working on ways to combat narcotics trafficking throughout the world and here at home, I will take a backseat to no one on our national effort tc attack this drug menace on all fronts. I also want to make it very clear, that as the primary author of the interdiction portion of the Anti-Drug Abuse Act of 1986 including the U.S.-Bahamas Drug Interdiction Task Force, I have no doubt that there may be corruption within the Bahamas and other countries that are either a source of drugs or a major transhipment country for the drug smuggler.

As the same time, as I argued during the crafting of the omnibus drug bill, I believe that when an opportunity presents itself to move into a sovereign nation, at their request, and establish joint, cooperative anti-drug efforts, we should take advantage of those opportunities and work religiously to make those efforts effective in combating drug smuggling. In the case of the Bahamas, we have made major inroads into developing such joint operations on Bahamian soil with the prospect for even greater cooperative efforts on the horizon.

Even before the Anti-Drug Abuse Act of 1986 became law, the United States had been granted permission by the Bahamian Government to establish a sophisticated aerostat radar anti-drug surveillance system at High Rock on Grand Bahama Island. The United States Customs Service has been operating that aerostat and assisting in making arrests of airborne drug smugglers through the use of the aerostat for nearly three years. Again, prior to drafting or passage of the omnibus drug bill, the Customs Service and the Government of the Bahamas had been negotiating an agreement to allow for "hot pursuit" of Customs aircraft into Bahamian airspace and territory with Bahamian law enforcement officials on-board to help make arrests of drug smugglers who sought "safe haven" in the Bahamas Islands. Finally, in the Urgent Supplemental Appropriation Bill, 1986 (P.L. 99-349), a second aerostat radar system was authorized and funded for location at Georgetown in the Bahamas. I would suggest that if other countries with similar drug trafficking problems were to provide a fraction of the cooperation that has been given us by the government of the Bahamas that we would be rushing to praise them.

In addition, the Anti-Drug Abuse Act of 1986 accelerated ongoing U.S.-Bahamas cooperative anti-drug efforts through the establishment of a formal U.S.-Bahamas Drug Interdiction Task Force, featuring cooperative anti-drug operations with the U.S. Customs Service; the U.S. Coast Guard; the Drug Enforcement Administration; the National Narcotics Border Interdiction System (NNBIS); and the State Department. Among other things, the omnibus drug bill authorized a number of critical drug interdiction initiatives that would open the doors of the Bahamian people even further to U.S. drug enforcement officials, including:

(1) Funding for a possible third aerostat radar system to be located in the southernmost part of the Bahama Islands chain;

(2) Funding for a U.S. Coast Guard - Customs Service docking facility at Georgetown in the Bahamas, to allow the Coast Guard to permanently locate its drug interdiction vessels in the Bahamas, rather than solely in south Florida;

(3) Funding for additional pursuit drug interdiction Customs helicopters to be utilized as part of the Task Force in the Bahamas and out of the south Florida Customs air branch at Homestead Air Force Base;

(4) Funding for additional marine interdiction vessels to be jointly operated by the Customs Service and the Bahamas marine drug interdiction forces;

(5) establishment of a possible command, control, communications, and intelligence (C-3I) center at the Defense headquarters of the Bahamas Government Defense Ministry in Nassau to facilitate the sharing of tactical drug intelligence among the various Federal agencies participating in the Task Force; and

(6) Funding for additional fixed wing aircraft to be used by the United States in support of the Task Force and to accelerate the "hot pursuit" arrangement with the Government of the Bahamas.

In addition to these new approaches to joint U.S. - Bahamian drug interdiction operations, the Government of the Bahamas on March 6, 1987, was prepared to sign a comprehensive Mutual Legal Assistance Treaty with the United States that would allow for the sharing of information on Bahamian banking activities and other forms of bilateral sharing of information on potential drug smugglers and their organizations. This treaty has been several years in the making, and I am hopeful that the recent media attention focused on the Bahamas and the introduction of S.J. Res. 90 will not set this important bilateral treaty back in time.

In summary, Mr. Chairman, it is not my intention to defend corruption in any nation, whether it be in the Bahamas, or Mexico, or anywhere else. It is my intention to make the point that, in the case of the Bahamas, we have a golden opportunity to make significant strides in eradicating drugs that are transhipped through the Bahamas and into the United states. The Resolution that is before your Committee can only delay or perhaps permanently damage the cooperation that we are currently receiving from the Bahamas in fighting the drug trafficker in the Caribbean. Our opportunity to combat the narcotics trafficker from within a sovereign nation is one that we should not take lightly nor jeopardize through the Resolution that is pending before your Committee.

I would be happy to discuss this important matter with you or other members of your Committee in more detail should you deem it appropriate. Thank you for your thoughtful consideration of this recommendation.

With best wishes.

Sincerely,

Dennis

DENNIS DECONCINI
Member, Subcommittee on
Foreign Operations
Committee on Appropriations
Chairman, Senate Drug
Enforcement Caucus

II

100TH CONGRESS
1ST SESSION

S. J. RES. 90

Disapproving the certification by the President under section 481(h) of the Foreign Assistance Act of 1961.

IN THE SENATE OF THE UNITED STATES

MARCH 17, 1987

Mr. KERRY (for himself, Mr. HELMS, Mr. MCCONNELL, and Mr. WILSON) introduced the following joint resolution; which was read twice and referred to the Committee on Foreign Relations

---

JOINT RESOLUTION

Disapproving the certification by the President under section 481(h) of the Foreign Assistance Act of 1961.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Congress hereby disapproves of the determination of the President with respect to the Bahamas as contained in the certification required by section 481(h) of the Foreign Assistance Act of 1961, received by the Congress on March 2, 1987.

○

II

100th CONGRESS
1st Session

S. J. RES. 91

Disapproving the certification by the President under section 481(h) of the Foreign Assistance Act of 1961.

IN THE SENATE OF THE UNITED STATES

March 17, 1987

Mr. Kerry (for himself, Mr. Helms, Mr. McConnell, Mr. D'Amato, and Mr. Wilson) introduced the following joint resolution; which was read twice and referred to the Committee on Foreign Relations

---

JOINT RESOLUTION

Disapproving the certification by the President under section 481(h) of the Foreign Assistance Act of 1961.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Congress hereby disapproves of the determination of the President with respect to Panama as contained in the certification required by section 481(h) of the Foreign Assistance Act of 1961, received by the Congress on March 2, 1987.

II

100TH CONGRESS
1ST SESSION

S. J. RES. 92

Disapproving the certification by the President under section 481(h) of the Foreign Assistance Act of 1961.

IN THE SENATE OF THE UNITED STATES

MARCH 17, 1987

Mr. HELMS (for himself, Mr. KERRY, Mr. D'AMATO, and Mr. WILSON) introduced the following joint resolution; which was read twice and referred to the Committee on Foreign Relations

---

JOINT RESOLUTION

Disapproving the certification by the President under section 481(h) of the Foreign Assistance Act of 1961.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Congress hereby disapproves of the determination of the President with respect to Mexico as contained in the certification required by section 481(h) of the Foreign Assistance Act of 1961, received by the Congress on March 2, 1987.

○

DEPARTMENT OF STATE SECURITY INITIATIVES

1973	Established office to deal specifically with issues of counterterrorism, including policy formulation (eventually became M/CT and then S/CT)
1975	Embassy in Kuala Lumpur taken over by terrorist group
1979	Violent mob assaults on our embassies in Teheran, Islamabad, and Tripoli
1979	Launched Security Enhancement Program to initiate major improvements at a number of posts to increase protection against security threats
1980-1985	$13 million appropriated for Public Access Control program to counter the increasing threat of Embassy takeovers
1980-1985	$136.3 million appropriated to provide better protection to mission personnel, U.S. Government property, and classified information at those posts deemed most vulnerable to uncontrolled mob violence
1980	Established A/SPL (Special Projects and Liaison Staff) to manage the massive security enhancement program initiated in 1980 to effect substantial physical security improvements against mob violence at our most vulnerable posts.
1980	Fielded first team to begin testing New Office site in Moscow for anomalies; started researching and planning countermeasures to thwart Soviet efforts to compromise security of site and construction
1981	Formed interagency security advisory group to coordinate technical security countermeasures for NOB Moscow
1982	Congress approved a security supplemental primarily for European posts in response to a series of kidnapping and assassination attempts against U.S. military and diplomatic officials in Europe. Total of $48.9 million appropriated to cover an additional 40 PAC projects, additional protective equipment for officials abroad, additional radios, funds to contract for needed personnel investigations, additional physical security improvements
April 1, 1983	Department institutes tight controls through OFM on Soviet diplomatic travel in the U.S.
April 23, 1983	Bombing of American Embassy in West Beirut
December 12, 1983	Suicide truck bombing destroyed American Embassy annex in Kuwait, killing 4 people

1984	Launched anti-terrorism assistance (ATA) program to provide bilateral assistance for anti-terrorism training and commodities to expand the capacity of other countries to respond to international terrorism
1984	Created Information Systems Security Office to develop programs to protect information systems and establish standards for their use
March 7, 1984	The Secretary approves recommendation of Under Secretary Spiers to form an Advisory Panel on the Security of U.S. Missions abroad (the "Inman Panel")
July 25, 1984	Secretary Shultz appoints members of Inman Panel
September 20, 1984	Car bombing of Embassy annex in East Beirut
September 1984	The Secretary begins holding daily meetings on security and intelligence threats against our facilities and people overseas
September 1984	Department submits a request for $366 million and 247 positions to strengthen existing security programs, to relocate embassies that could not be adequately strengthened, and to pay for necessary research and development. In response to a series of damaging suicide vehicle bombings against U.S. installations in the Middle East
September 10, 1984	Department team discovers bugs in typewriters in Moscow and Leningrad
October 11, 1984	Under Secretary Spiers sends cable (State 302368) to all posts reinforcing the division of responsibilities within the Department and between the Department and missions overseas
October 12-14, 1984	Under Secretary Spiers holds off-site management conference at which the Department's senior managers discuss "Security and the Foreign Service"
1985	Congress appropriated $175.5 million for 13 emergency security upgrades, mostly for buildings in the Middle East
Early 1985	Established five 3-man mobile training teams to provide security training for our personnel overseas at high-threat posts
Early 1985	State Department commissions **National Academy of Sciences** to carry out advanced research on the development and application of state-of-the-art security measures for the design and construction of new embassies which could withstand the physical and technical security threats we face overseas

Early 1985	Created Overseas Security Advisory Council (OSAC) to coordinate security with overseas American businesses
February 12, 1985	Inman Panel submits Interim Report to the Secretary
March 28, 1985	Under Secretary Spiers sends cable to all posts quoting text of his testimony before a joint hearing of the Subcommittees on International Operations and on Arms Control, International Security and Science. Testimony focused on security chain of command, responsibilities of Chiefs of Mission, accountability, the organization of the Department with respect to security, the Inman Panel's key preliminary recommendations, accomplishments in security field, and security challenges ahead.
April 19, 1985	Ambassador Hartman proposes two-phase plan to replace Soviet FSNs in Moscow; begin drawdown of FSNs in May 1985
May 1985	Began drawdown of Soviet FSNs in Embassy Moscow
June 17, 1985	Final unclassified Inman Report submitted to the Secretary; Department forms working group to implement Inman Panel's recommendations
July 3, 1985	OFM takes over control over acquisition of all supplies needed by the Soviets for construction at Mt. Alto
August 17, 1986	Barred Soviet workers from New Moscow Embassy Office building construction site
September 12, 1985	Notice of Arbitration issued by Department to SVSI, the Soviet contractor for the Embassy Moscow project, for delay costs and defective workmanship; an arbitration team established to provide independent review of claims
September 23, 1985	Supplemental budget request for Inman program submitted to OMB
October 18,24,25, 1985	OMB hearings on Inman supplemental
October 25, 1985	Diplomatic Security legislation submitted to OMB
October 29, 1985	Under Secretary Spiers sends a second cable (State 331416) to all posts outlining responsibilities in the Department for security in light of reorganizations undertaken pursuant to Inman Panel recommendations
November 4, 1985	Bureau of Diplomatic Security (DS) and Office of the Ambassador-at-Large for Counterterrorism (S/CT) established by reprogramming

December 19, 1985	Diplomatic Security legislation submitted to the Congress
1986	Department established a comprehensive, centrally managed and funded residential security program for all overseas posts, with specific security programs tailored to the threat level at each post
1986	Department produced and distributed to all posts comprehensive handbooks for physical security improvements, the management of local guard forces, and security procedures at overseas posts
January 1986	National Academy of Sciences (NAS) issues report which State Department had commissioned on the "Embassy of the Future," including state-of-the-art technical and physical security features; Department immediately begins implementing the NAS's 39 recommendations
January, 1986	Signed PA&E maintenance contract for maintenance technicians for New Moscow Embassy Office building
February 3, 1986	Inman supplemental request for $0.7 billion in FY86 and $1.4 billion in FY87 transmitted to Congress by the President along with the Administration's FY87 budget
Early April 1986	First American Maintenance Contractors arrive in Moscow for maintenance of the new office building
August 1986	Congress passes Diplomatic Security Act and appropriates first tranche of funds ($61 million) to fund new State Department security programs
September 26, 1986	Hired first class of Special Agents under the Inman program
October 1986	Department establishes formal process for the inspection, maintenance, and delivery of sensitive materials, such as office equipment to be used at overseas missions
October 22, 1986	Soviet FSNs withdrawn by Soviet Government from Embassy Moscow and ConGen Leningrad
November 1986	Began sending regular reports to the Congress on activities funded by the 1986 security supplemental
November 4, 1986	Omnibus Contract signed to provide support staff to replace withdrawn Soviet FSNs
December 1986	The Secretary signs new Memorandum of Understanding with P.X. Kelley of the U.S. Marine Corps concerning the Marine Security Guard Program
Late 1986	The Department issues comprehensive guidelines for construction security

1987	National Bureau of Standards, under mandate from the Congress, begins structural analysis of the construction of the Moscow chancery building; to report any construction flaws and cost estimates to Congress by April 15, 1987
February 1987	The Secretary appoints James R. Schlesinger as special advisor to investigate the Moscow chancery construction project and make recommendations to the Department on the soundness of the building; final recommendations due May 29
March 1987	The Secretary opens Alternate Communications Center to provide backup communications capability for the Department in the event of an emergency
March 5, 1987	Graduated first class of Special Agents (hired September 26, 1986) under the Inman program

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TRIP REPORT--VISIT TO U.S. EMBASSY IN MOSCOW
SEPTEMBER 15-17, 1986

BACKGROUND

The site of the new Embassy complex in Moscow consists of almost ten acres and is roughly 330 yards long and 165 yards wide, and lies along Konyushkovskaya Boulevard a few hundred feet to the west of the present Embassy property on Chaykovskogo Street.

The new site has been transferred to the United States under the terms of an 85-year lease as defined in the Embassy Sites Agreement between the United States and the Soviet Union signed on May 16, 1969. The Embassy Sites Agreement reciprocally gave the Soviet Embassy in Washington an 85-year lease on the old Mt. Alto property on Wisconsin Avenue just above Georgetown. On December 4, 1972, the two governments signed an agreement which established the conditions of construction on the respected sites. A construction contract with the Soviet General Contractor, Sojuzvneshstrojimport, was signed after 14 months of negotiations on June 30, 1979.

The new United States Embassy complex for Moscow was designed by the combined partnership of two American firms: Skidmore, Owings and Merrill of San Francisco and Gruzen and Partners of New York.

The new complex will occupy almost 736,282 square feet. The new Embassy complex construction consists of:

1. The Chancery, an eight-story office building and basement, contains 196,000 square feet with the adjacent consulate offices on the ground floor, both situated on the south side of the site facing the entrance court off the main gate.

2. The Deputy Chief of Mission house is a three-story, five-bedroom house. Attached to it is Housing Unit #2 consisting of 10 representational three-story, four-bedroom row houses overlooking Konyushkovskaya Street along the western edge of the property.

3. Housing Unit #1 is located to the north along Konyushkovskaya Street, and has 26 three-bedroom duplex apartments with 26 one-bedroom flats at the top of the three-story building.

4. Housing Unit #3 consists of 24 duplex apartments with four bedrooms each. This four-story building is located along the eastern edge of the property starting in the northeast corner. It is linked with a special three-bedroom duplex apartment toward the south to Housing Unit #4.

5. Housing Unit #4 has 46 two-bedroom apartments in a four-story building, located along the eastern side of the property and east of the office building. Under both Housing Units #3 and #4 there is an underground garage with parking for about 130 cars.

6. In one building opposite the Chancery are a school, recreational facility and maintenance building, and Marine Security Guard housing.

The history of the Embassy project goes back to the late 1950's when both the Soviet and U.S. governments became interested in acquiring and building on new sites in the respective capitals. According to the Department of State, the Soviet government agreed to take the Mt. Alto site on Wisconsin Avenue in 1967 but the bilateral agreement on sites in both capitals was not signed until May 16, 1969. In 1972 both governments reached agreement on the conditions of construction for the two complexes. State Department briefing papers note that all concerned U.S. Government agencies have been consulted during the negotiations and execution of these agreements.

The U.S. complex in Moscow was originally scheduled for completion in December 1983 at a cost of about $90 million. Several target dates and cost increases have been made in the succeeding years. The current date for completing the chancery building in Moscow is September 1989. To date, about $192 million has been appropriated for the complex including construction and security costs. The residential units, school and recreation building will be completed by the end of 1986. Some housing is already occupied. The Soviets were permitted to occupy their new housing in Washington in 1979 and their chancery complex could be ready for occupancy next year. However, conditions of reciprocity mandated by Congress and the original agreements should prohibit them from occupying it until the U.S. complex is completed and ready.

The delays and rising costs of the project are attributable, in part, to Soviet neglect in fulfilling the terms of the contract. The United States and the Soviets are now in arbitration over U.S. claims concerning poor workmanship and delays. These claims could reach $20 million, according to State Department sources; however, the Soviets can be expected to file counter claims.

Whatever the result of the claims, the terms agreed to by the United States government representatives in the construction of the complex in Moscow were guarantees that serious problems with the progress of construction would arise. These terms also guaranteed serious technical security problems which cannot be addressed in this report. However, it is important to note that the construction agreement signed in 1972 allowed the Soviet contractor (a government company) to fabricate our Embassy's building components off site without any U.S. supervision. Moreover, according to the architects who designed the project, the agreements allowed the Soviets to substantially redesign the structure of the building — columns, walls and floor systems — to Soviet standards. This was apparently done to allow the Soviets to take an American design, suited for higher quality American construction, and transpose it into a Soviet design which accommodated the more basic Soviet construction capabilities.

By contrast, the Soviets hired an American company to construct their Embassy in Washington but fabricated the components on site under their inspection.

In addition, lax security standards allowed the American architects to employ a Soviet national, a structural engineer who was residing in the United States, to work on the U.S. Embassy design for approximately five months. The Soviet engineer completed his work on the design and returned immediately to the Soviet Union, according to the architects. Several attempts have been made to contact this person in regard to the project and, according to the Department of State, Soviet officials have said that he has died of a heart attack.

CURRENT SITUATION

The focus now is on the chancery building on which work has halted. The Soviet contractor was removed from the building in August of 1985 and all entry and work there now are by cleared American personnel. U.S. Marine Security Guards and Navy Seabees provide security in the building and on the compound. The chancery building, still three years from completion, has an exterior brick facing on all eight floors. No finishing work has been done inside, however.

During our visit, Embassy and State Department personnel took us through the building from roof to basement and pointed out the following:

— The roof must be replaced or given a temporary covering immediately. Water leaks from the top of the roof through to the fourth floor, according to the personnel on site. In the elevator shafts and stairways, water goes through to the basement.

— Cracks have appeared in the mortar on the exterior and some personnel on site believe the mortar may not be sufficiently waterproofed to withstand the Moscow climate. (One Seabee noted that last year "It rained for 47 days and on the 48th day, it snowed.") Embassy personnel are concerned about the total amount of moisture coming in the building and the problems of freezing in the hard Moscow winters.

— Some interior walls have not been completed from floor to ceiling leaving gaps of as much as three feet. Embassy personnel pointed out seams in the concrete showing evidence of two or three separate pourings instead of one continuous pouring as called for in the contract.

— Gaps of from one to eight inches appear between some shear walls (the walls that give the building its strength) and the columns. Reinforcing bars connect the walls and the columns.

— Brick on some interior walls was not applied properly and must be removed and replaced.

— Large pieces of concrete have fallen from the planks which constitute the flooring and ceiling.

— Holes have appeared in some walls where poor concrete or inferior material was used and these must be patched.

Despite these problems pointed out by State Department personnel and contractors in Moscow, the managers of the Foreign Building Office (FBO) in Washington, who are knowledgeable about the site and the construction, believe that the problems can be remedied without additional expense or much additional effort.

Deputy Assistant Secretary of State Richard Dertadian, who heads FBO, and Fred Bunke, who is responsible for the Moscow project, met with Committee staff on September 24. Mr. Bunke said about the project, "We're in great shape. We'll get it (the chancery) done without any additional costs." Although "the chances are likely that we'll have to redo (some) walls," Mr. Bunke said, "the floors, mortar and concrete are alright." The immediate problem is waterproofing the roof and Mr. Bunke said that work was to begin in two weeks (that is, on October 8) and would be completed in six weeks (on or about November 5). This will be a temporary roof, designed to protect the building from winter which is arriving shortly in Moscow.

The assurances of Mr. Dertadian and Mr. Bunke concerning FBO's ability to finish the building are independent of any decision on structural problems related to security measures which are beyond the control of FBO. Robert Lamb, Assistant Secretary of State-designate for Diplomatic Security, has told Committee staff that security issues involving the chancery will be studied and conclusions reported sometime late next year. The study of technical security measures involving the new chancery has begun only recently.

Representatives of the project architects — Skidmore, Owings and Merrill and Gruzen and Partners — also believe the chancery structure is basically sound although in need of repairs. They qualify their opinion, however, by saying that they have not undertaken a structural survey of the building and have not made a detailed inspection of the situation.

RELATED PROBLEMS

During our visit, Embassy officials mentioned other problems related to the new complex:

— The company which received the contract to operate and maintain the electrical and mechanical systems for the complex has 16 people on site. All 16 were to have security clearances but the Embassy reported that seven arrived without any clearances. Two have been dismissed, one for fraternization with the Soviets, and two more are to be sent back to the United States.

— Embassy officials also said that an important contract involving a private company supplying services to the Embassy had no termination clause and, although the Embassy was considering terminating the company, it was hesitant to do so because of the contract. State Department officials say that the Embassy personnel are incorrect and the contract does have a termination clause.

— Embassy personnel handling construction of the building said that one subcontractor had defaulted on three contracts, that there was no bond posted, that the company had gone bankrupt and that the contracts would have to be completed by another company at extra cost. Mr. Bunke, of FBO, said that there was a 10 percent retention of the contract fee, that a performance bond had been posted and that the State Department was still trying to work with the subcontractor, whose financial status had improved, to finish the subcontracts.

These last two points, and some aspects of the construction of the new chancery, point out the State Department's most fundamental problem throughout the long history of Embassy Moscow, and that is poor management and coordination. On some of the most basic facts, such as whether or not a contract has a termination clause, State Department officials who are supposed to be working closely together and, in some cases, are employed by the same office, give completely different versions of the situation.

Another example of this poor coordination is the plan to repair the leaking roof. In Moscow, the newly arrived project manager, sent from Washington by FBO to take charge of the project, told us his plan to fix the roof called for about 35 workers from a Florida company. A week later in Washington, FBO officials told Committee staff that this plan was never under consideration and that their intent was to employ about eight workers using a firm from Texas. FBO's man in Moscow estimated $700,000 for the roof work while FBO Washington told us the real cost was about $80,000. Surprisingly, two officials from the same office, responsible for the same project did not agree on what was to be done about the most critical and immediate structural problem in the chancery, the repair of the roof.

SECURITY

Technical security matters will not be discussed in detail in this report but the agreements signed in 1969 and 1972 governing exchange of sites and conditions of construction in Moscow and Washington and referred to here are unclassified. Common sense, however, would tell the average American citizen, without benefit of security or diplomatic training, that it would be foolish to allow a United States Embassy to be designed and constructed by the Soviets.

In spite of this situation and in spite of a number of technical security problems associated with Embassy Moscow, only within the past 18 months has the Department of State begun to examine the situation in detail, coincident with visits to Moscow from staff and members of Congress of both House and Senate committees.

The architects on the project told Committee staff that their companies are just now going through a security clearance process. In a separate study on contractor security clearances in the diplomatic security program earlier this year, Senator Zorinsky discovered that 19 of 42 State Department contractors did not have Defense Industrial Security Clearances as required. As noted earlier, seven of 16 contractor personnel arrived in Moscow without required clearances.

CONCLUSIONS

It appears that the Department of State and other agencies of the U.S. government waited much too long to address the overall construction and security problems in Moscow. Many people and many parts of the diplomatic, national security and intelligence bureaucracies were involved through several Administrations. Each person and office involved seems to have pursued its own narrow interest, with the added goal of avoiding blame when problems occurred.

The planning and execution of various phases of the project seem to have suffered from lack of strong management by senior officials who were both informed of broad U.S.G. interests and capable of dealing with all government agencies involved, including the Soviet government.

The initiation of the new Diplomatic Security program this year — the result of Admiral Inman's study of overseas security — has brought new officers into key positions at the State Department which will manage the embassy security and construction program for the U.S.G. The new management seems to be taking steps to avoid the problems which plagued projects such as Moscow and Cairo by using more private sector expertise and by seeking better government-wide coordination of plans and information.

Even with reduced budgets, however, the new diplomatic security program is far more ambitious than anything State has handled previously and strong leadership will be required to avoid the mistakes of past years when the overseas building and security programs were much smaller.

Of particular importance, with respect to the Moscow project, is the planning for new U.S. embassies in East Bloc nations in the next two years including East Germany, Hungary, Bulgaria, Czechoslovakia and Yugoslavia and an Embassy in Beijing. Both House and Senate put strong American preference legislation in the 1986 Diplomatic Security bill requiring the State Department to use, wherever possible, American or American-controlled companies and to require only Americans, with appropriate clearances, for sensitive parts of the embassy construction projects.

The Moscow Embassy project used Soviet design and construction, both of which have cost the American taxpayer dearly. While the use of foreign contractors has been advocated as cheaper or necessary because of foreign government requirements, Moscow (and other projects) have demonstrated that the use of American firms is not necessarily cheaper in the short run, but in the longer term can be much more economical given the security problems encountered in the use of some foreign companies.

The Office of Foreign Missions (OFM), created by Congress in 1982, is a new and constructive addition to the diplomatic security planning process that was not present during the critical parts of the Moscow Embassy negotiations. OFM has the authority and power to enforce reciprocity on foreign governments and give the USG more leverage in negotiating our Embassy situations overseas.

Two East Bloc nations are considering building new embassies here in Washington and OFM can negotiate direct reciprocity with them. Other countries may not be planning new embassies at the same time as the USG but other interests may be used as bargaining chips.

The following recommendations are submitted for the Committee's consideration. These could be incorporated in the authorization bill for FY 88 and FY 89.

1. A qualified, independent structural engineering team should be sent to Moscow to examine the building and make recommendations as needed together with cost estimates. (As this report was being prepared, this provision was a part of the Continuing Resolution.)

2. The State Department should prepare a special plan for construction of new embassies in countries, particularly Communist nations, where hostile intelligence services pose a serious threat to our technical and communications security. This plan should include strict controls on architectural and engineering plans, use of only cleared personnel in the preparation of these plans, construction of buildings and prefabrication of components under U.S. Government inspection and full coordination of planning, design and construction with the intelligence community.

3. The Office of Foreign Missions of the Department of State should be given full and early consultation on all phases of the project in order to gain maximum cooperation from the foreign government by applying appropriate reciprocity to the foreign missions here in the United States. OFM should be a full and equal participant in all State Department and interagency meetings on the diplomatic security program.

4. A study of technical security threats in Moscow should be made by representatives of the intelligence community. This study should conclude with a final decision on the completion of the U.S. Embassy in Moscow and a determination of how much, if any, additional funds are required for the project.

5. No finishing work or additional interior work on the chancery building should be done until structural and technical studies are completed. Only necessary maintenance, such as the repair of the roof, should go forward.

6. The Department of State should improve its communications with personnel at post to insure that post management knows the procedures and objectives of the embassy security and construction programs.

Attachments: (1) U.S. Embassy Complex Briefing Paper
(2) Soviet Embassy in Washington Briefing Paper

U. S. EMBASSY COMPLEX, MOSCOW: OFFICE OF FOREIGN BUILDINGS BRIEFING PAPER

BACKGROUND

Site negotiations with USSR commenced in 1961 with first agreements documented in 1969. Conditions of Construction Agreement with USSR was signed on December 4, 1972. Bilateral agreement with USSR as to implementation terms and conditions of work was signed on June 30, 1979. Contracts with U. S. firms were negotiated and entered into during period February 12, 1980 to date based on conditions of construction agreement and requirements.

FUNDING

A history of authorized appropriations and program authority follows:

NEW U. S. EMBASSY IN MOSCOW CONSTRUCTION PROJECT
REGULAR & SUPPLEMENTAL REQUESTS
FY 77 THRU FY 85

	AMOUNT AUTHORIZED (See Attachment A for details)			
FY	BY YEAR	CUM.	REGULAR/SUPPLEMENTAL	SUMMARY OF BUDGET BACKUP
77	30,000	30,000	REG	First phase: site preparation, foundations, skeleton frames
78	45,000	75,000	REG	Second phase.
79	16,500	91,500	REG	Completion of second phase.
80	-0-	91,500	N/A	
81	12,000	103,500	REG	Increased requirements and inflation.
82	31,700	135,200	REG	Increased requirements and inflation
83	4,625	139,825	SUPPL 1/ 2/	
84	7,140	146,965	SUPPL 2/	
85	20,068	167,033	SUPPL 3/	

1/ Includes $825,000.00 authority to utilize proceeds of sales.

2/ Totally security related.

3/ $12,971,000 for settling estimated U. S. contractor delay claims caused primarily by Soviet delay and malperformance. $7,097,000 for estimated additional operating costs related to the extended completion of the Project caused primarily by Soviet delay. Total extra costs incurred due to Soviet delay and malperformance will be claimed against the Soviet contractor incrementally as extra costs are incurred.

The Project Control Incorporated (PCI) budgetary estimate dated October 10, 1978 totalled $70,532,302 based on the plans and specifications at that time and cost of construction in Washington, D. C. Since the secure area of the office building had not been designed, it excluded any cost for that extensive area. The amount also excluded such major cost elements as:

A & E fees
Management and Infrastructure
Transportation and travel
Warehousing
Security
Housing and other extraordinary costs of personnel in Moscow
Insurance
Inflation
Furniture and furnishings

Concerning inflation, it is noted that had the project been completed by December, 1983 as originally planned, inflation alone would have increased the PCI estimate to $89,138,200. Costs not included in the PCI estimate, as exemplified above, added to the PCI estimate adjusted for inflation plus required changes total $135,200,000, the cumulative amount authorized thru FY 82. FY 83 and FY 84 supplemental appropriations are added security requirements. The total cost overrun of the project is estimated at $20.1 million (the FY 85 supplemental appropriation) or 12% of the total cost of the project. The actual overrun cost will be claimed against the Soviet contractor.

The square foot cost of the project constructed under unusually difficult conditions in Moscow utilizing U. S. materials, except for concrete, steel and masonry, to a monumental architecture quality level will be $198.37 assuming the total appropriated funds are expended and the Soviets reimburse USG for the extra cost of their delay in construction.

MAIN FEATURES OF THE PROJECT

Office and Consulate	170,489 SF
Concourse	203,287 SF
School & Marine Quarters	26,964 SF
Housing Units 1 & 2	177,711 SF
Housing Units 3 & 4	157,831 SF
Gatehouses	2,564 SF
	731,846 SF

Quarters	1BR	2BR	3BR	4BR	5BR	6BR	Maids RM	Total BR	Full Bath	Half Bath
TOTAL (134 Apartments & Townhouses)										
HU #1	26		26				13	117	91	13
HU #2					10	1	22	78	55	13
HU #3				24			12	108	84	24
HU #4		46					24	116	70	
Transition				1			1	5	4	1
TOTAL	26	46	26	25	10	1	72	424	304	51

Marine Quarters

Marines	20 bedrooms	2 large bathrooms
Maids	2 bedrooms	1 bathroom
Visitors	2 bedrooms	1 bathroom

Bar, Lounge, Recreation Facilities, Kitchen, Dining Room

School

Classrooms	9
Library	1

Garage (Underground)
130 Vehicle Parking
Vehicle Maintenance

Concourse
Gym, Swimming Pool w/Sauna & Health Club
Bowling Alleys
Squash and Handball Courts
Commissary
Cafeteria w/Large Kitchen
Bar and Lounge
Barbershop
Nursery
Laundry
Warehouse

Chancery/Consulate
An 8-story office building with adjacent consulate offices on the ground floor, including public and representational meeting and social rooms, library, church facilities and an auditorium.

CONSTRUCTION

Conditions of Construction Agreement 1972 provide that Stage 1 work (including site work and structural work) at both Mt. Alto and Moscow will "take into account the principle of mutuality" and that "specific features of design, technology and methods will be accepted by each party and the execution of work will be carried out by local design and construction organizations or firms using local building materials".

Based upon the condition of construction bilateral agreement, the project is essentially constructed of precast and cast-in-place concrete foundations, the precast concrete forming system used in Moscow, some structural steel, brick masonry, bearing and exterior walls, brick and metal stud with gypsum board partitions.

STATUS OF CONSTRUCTION

Housing Unit #1, School and Marine Quarters are substantially complete and, except school, are occupied.

Housing Units #2, #3, and #4 will be substantially complete for occupancy in September and October, 1986.

Concourse and Consulate will be substantially complete for occupancy in December, 1986. For security reasons, Consulate will not be utilized for purpose intended until Office Building is occupied.

Office Building estimated substantial completion for occupancy is September, 1989.

STATE DEPARTMENT BRIEFING PAPER - 10/30/85

Soviet Embassy at Mt. Alto

Beginning in the late 1950's both the Soviet Government and the U.S. Government recognized the need to find new Embassy facilities in the respective capitals. In Washington, Soviet attempts to find suitable property were frustrated by zoning restrictions. In Moscow, our efforts to relocate our Embassy were to no avail as the Soviet Government sought leverage to assist them in their search in this city.

In the Summer of 1963, the Soviet Embassy negotiated the purchase of the Bonnie Brae Estate in the Chevy Chase section of Washington, and the D.C. Board of Zoning approved a zoning exception to permit the construction of an embassy in this residentially-zoned area. However, the local residents took the D.C. Board of Zoning to court and got the exception overturned in January, 1964.

Shortly after this, the Soviets inquired about the possibility of the two governments exchanging 99-year leases on appropriate plots of property in the respective capitals. The State Department undertook to investigate this possibility but was initially unable to identify any suitable property in Washington.

Finally, in April, 1966, the General Services Administration identified two possible USG properties that could be made available to the Soviet Embassy in exchange for similar property in Moscow. These properties were:

-- Mt. Alto, a 13 acre site on Wisconsin Avenue. Former site of Mt. Alto Veterans Hospital; and

-- Bureau of Standards, a 68 acre site on Connecticut Avenue, of which 6-8 acres could be made available to the Soviets.

Of the two properties, the Mt. Alto site was available earlier, and it was decided to determine the feasibility of leasing this land to the Soviets in return for a site in Moscow. After coordination with the Departments of Defense and Justice and the CIA, the Mt. Alto site was offered to the Soviets. Indeed when in August 1967 the possibility arose that the Tregaron Estate could be made available to the Soviets, Justice opposed it on security grounds and the Department agreed that only Mt. Alto would be offered.

In October 1967 the Soviet Government finally agreed in principle to accept the Mt. Alto property. The exchange of Mt. Alto in exchange for property in Moscow was finalized by a bilateral agreement date 16 May 1969.

Starting in 1967 the Department briefed the intelligence community on a monthly basis on the chancery negotiations and also met with representatives of that community on a regular basis to ensure that their requirements were known and dealt with. These discussions specifically included the matter of the height of the two chanceries. In 1972 this specific issue was again examined, and the CIA and Defense accepted the heights of the proposed chanceries.

U.S. INFORMATION AGENCY
MORE PRODUCTS -- FEWER PEOPLE

The United States Information Agency is accomplishing more in the mid-1980s than ever before, with fewer people. Since its inception in 1953, USIA has undergone many changes in programming or emphases in its work of presenting a true picture of this society and our national policies to foreign audiences. USIA's mandate has remained broad although its staffing and activity levels have undergone notable changes, especially since our peak program year of 1967.

Since 1981, USIA has played a revitalized role in the conduct of U.S. foreign policy. In six years, we have implemented over 45 significant initiatives that reflect USIA's active participation in public diplomacy and the Agency's entry into the electronic age. Today, about 9400 USIA employees carry out these initiatives in addition to USIA's traditional programs, a 25% decrease in staffing levels from 1967. The ideals and goals of the government and of this society are now delivered immediately and accurately, to larger audiences and to many more nations than in years past.

U.S. Information Agency
Twenty-Year Comparison
1967 to 1987

	1967	1987	Difference
Employees	12,484	9,370	-3114
Posts	230	206	-24
Countries	112	127	+15
VOA Weekly Audience	43 million	130 million	+87 million
VOA Weekly Broadcasts	815 1/2 hrs.	1098 3/4 hrs	+283 1/4 hrs
VOA Broadcast Languages	36	42	+6
TV Broadcast Hours	N/A	1,326	—
American Participants	70	630	+560
International Visitors	2,156	2,830	+674
Academic Exchanges	5,000	5,744*	+744
Foreign Press Facilitation	100 (NY)	1,400 (NY, DC, LA)	+1300
Private Sector Grants	10	92	+82
TV Cooperatives	0	30	+30

* Includes new Central American Scholarships and Humphrey Fellows

Major USIA Initiatives Since 1981

Television

WorldNet
RIAS-TV
Network/Public Broadcasting
    Program Access
Television Cooperative Productions
"Satellite File"
"Science World"
"Film Facts USA"
State Department—Foreign Press
    Center Video Line
Outreach Program
New & Current Events Department
Televised Electronic Dialogues
Telepress Conferences
Videotape Conversions
How-To Film Packages
Video Clubs
Satellite Congressional Hearings:
    Panama and Nigeria
WORLDNET Magazine

Radio

Radio Marti
VOA Facilities Modernization
Site Negotiations
Increased Transmission Hours
Increased Broadcast Languages
VOICE Magazine
VOA Europe

Combatting Disinformation

Soviet Propaganda Alert
Rapid Response System

Major USIA Initiatives Since 1981

Special Activities

"Let Poland Be Poland"
KAL 007 — For UN Security Council
Grenada Rescue — Public Affairs Support
USIA Afghanistan Task Force
Afghan Media Project
US–USSR Media Reciprocity
"Information USA" Exhibit
to the Soviet Union

Academic/ Youth Exchanges

International Educational Exchange Advisory Panel
President's International Youth Exchange Initiative
University Affiliation Program
Congress–Bundestag Exchange Project
Teacher Exchange Program Transfers
Diplomat Exchange Program
Central American Scholarship Program (CAMPUS)
Recycling of English Teaching Funds
UCLA–France School Exchange

Cultural Exchange

Artistic Ambassadors
Alumni of USIA Exchange Programs
US–Soviet Exchange Initiative
MEDICOM '85: US–Soviet Cardiologists

USIA Private Sector Advisory Committees

Motion Picture and TV
US International Sports
Book and Library
New Directions
Radio Engineering
Labor
Market Resource
Public Relations
Television Telecommunication
Medical Science
($93 million in cash and in kind contributions)

Major USIA Initiatives Since 1981

News Computerization

Wireless File Direct Delivery
Assistance to US Wire Service
White House Daily News Summary
Computer-to-Computer Links
Computerized Arabic News Service

Publications

Arms Reduction Chronologies. Analyses
Soviet Military Power (Language Versions)
Afghanistan Pamphlets
Central American Policy Pamphlets
Statue of Liberty Pamphlet

Public Diplomacy for Presidential Summits & Presidential Travel

Williamsburg
Geneva
Reykjavik
London
Venice
Cancun
Ottawa
Versailles
Tokyo
Normandy
Ireland
Federal German Republic
Indonesia
Japan
Korea

New Center

Los Angeles Foreign Press Center

Centennial Programming

Statue of Liberty
Bicentennial of the US Constitution

Major USIA Initiatives Since 1981

Bi-National Programs

German-American Tricentennial
USIA Initiatives for Hungary
750th Anniversary of Berlin

Administration

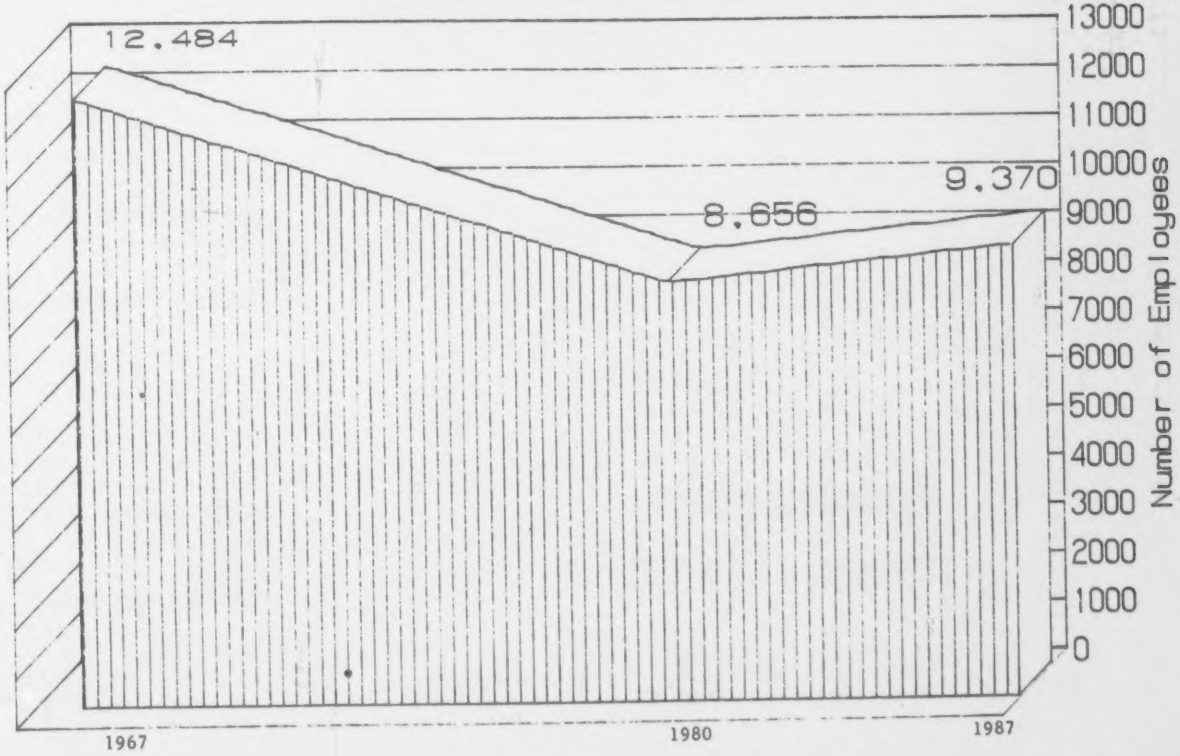
New Building
Agency Library Consolidation
Travel Administration Consolidation
San Francisco International Visitor Center
(From government-funded to private
voluntary organization)
Housing Supplement for New York Employees
Reestablishment of English Teaching Advisory Panel

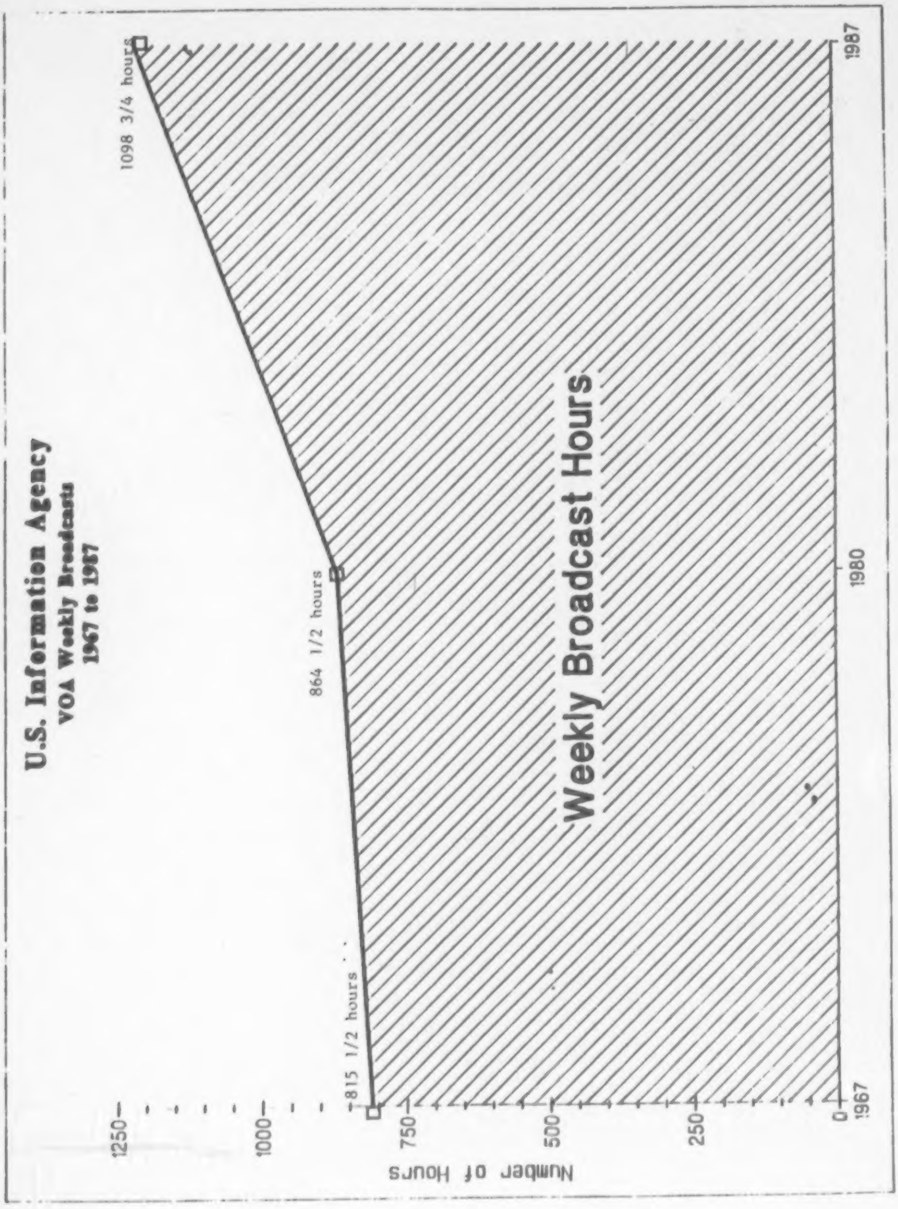
International Exposition Presence

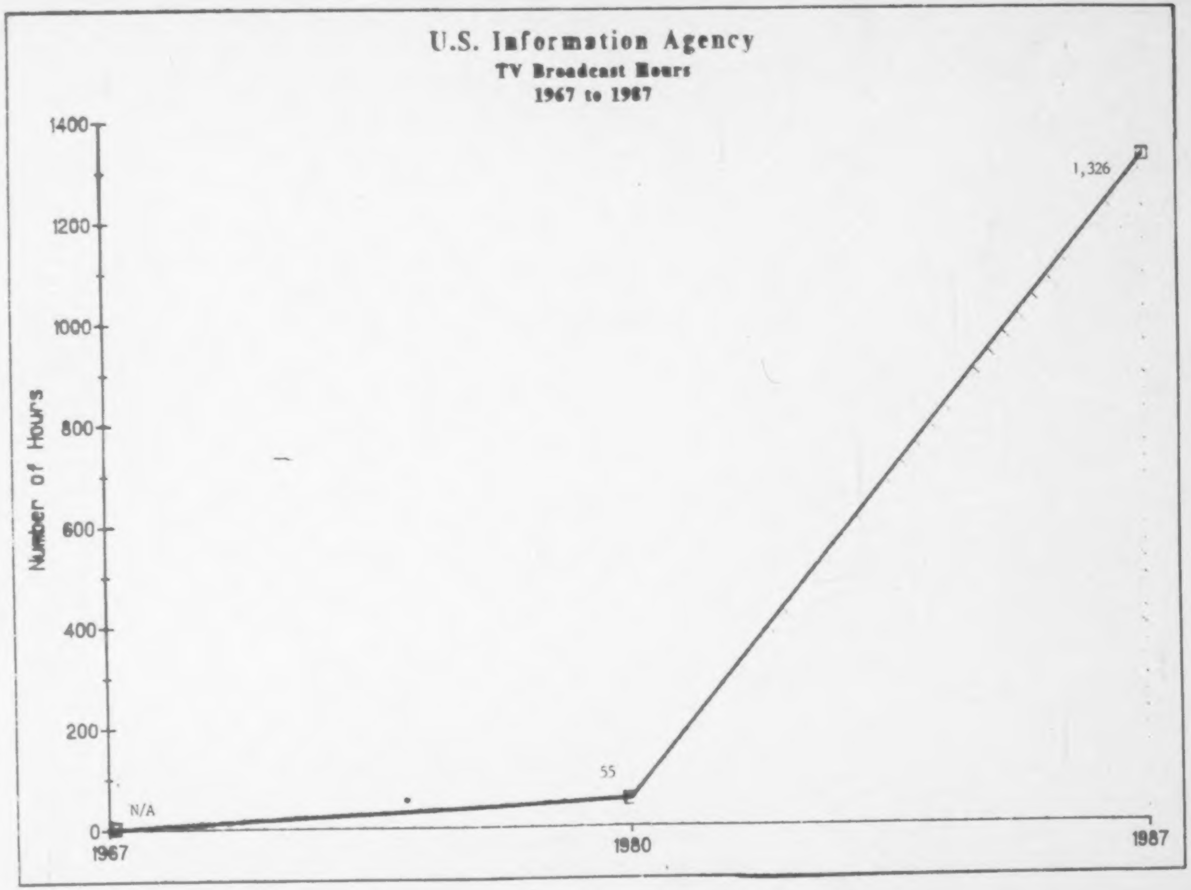
Tsukuba Expo 85
Vancouver Expo 86
Brisbane Expo 88

U.S. Information Agency

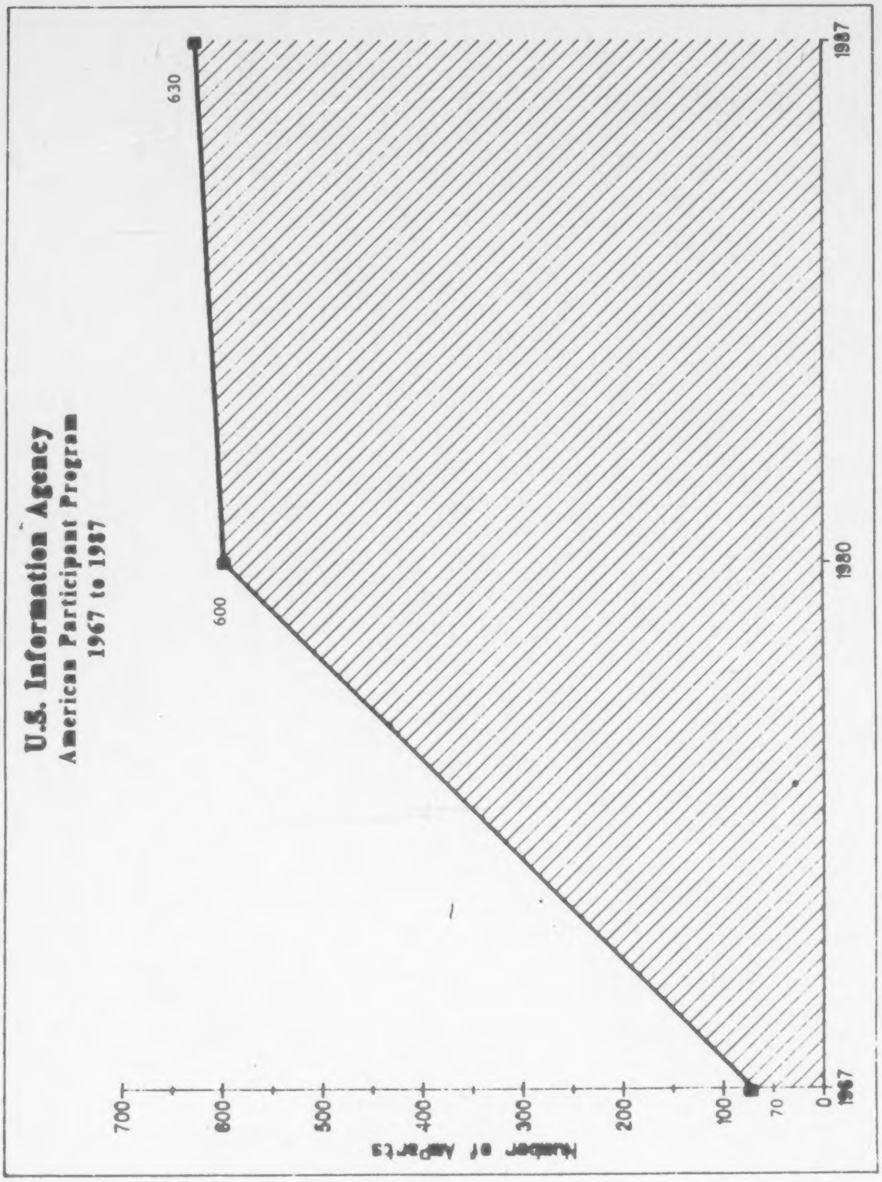
Comparison of Total Employees
1967 to 1987




U.S. Information Agency
VOA Weekly Broadcasts
1967 to 1987
Weekly Broadcast Hours
Number of Hours
1250
1000
750
500
250
0
1967
1980
1987
815 1/2 hours
864 1/2 hours
1098 3/4 hours

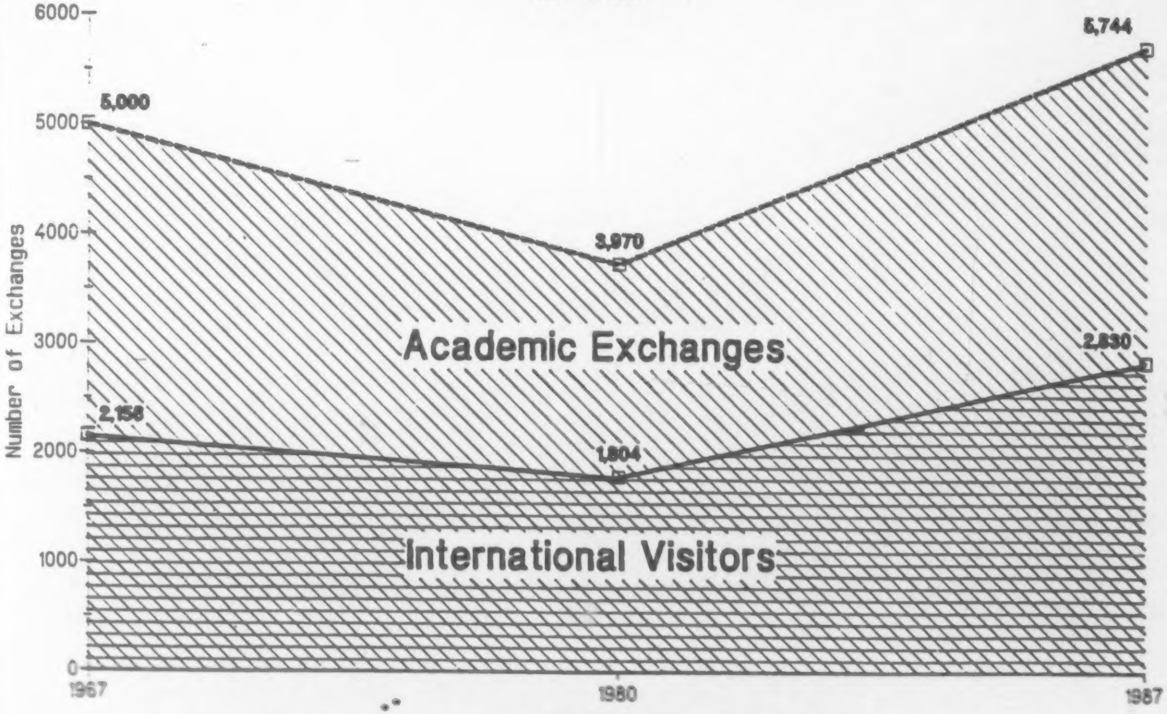


U.S. Information Agency
TV Broadcast Hours
1967 to 1987

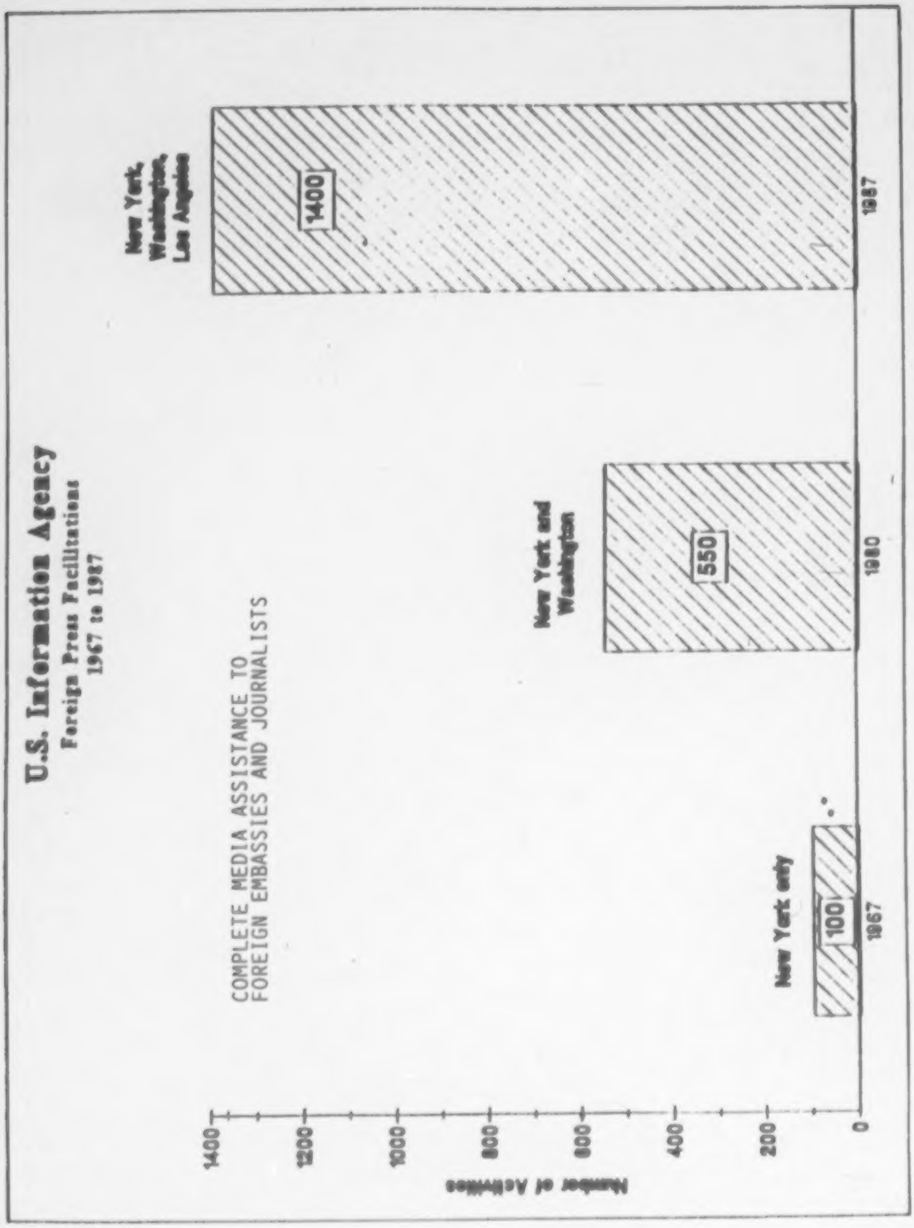


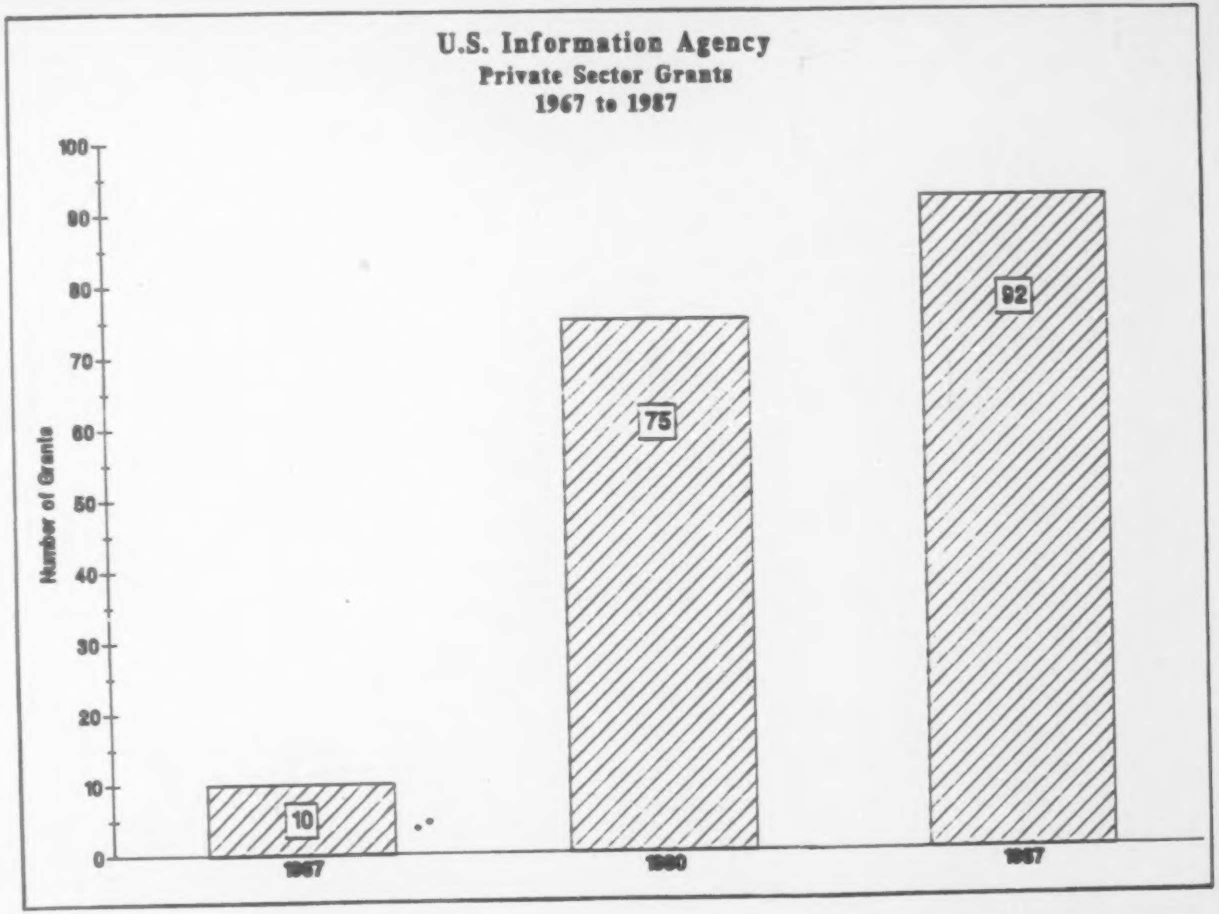
U.S. Information Agency
American Participant Program
1967 to 1987

U.S. Information Agency
Exchange Programs
1967 to 1987



All foreign and U.S. lecturers, teachers, researchers and students. Includes Humphrey Fellows in 1980 and Central American Scholarships in 1987.

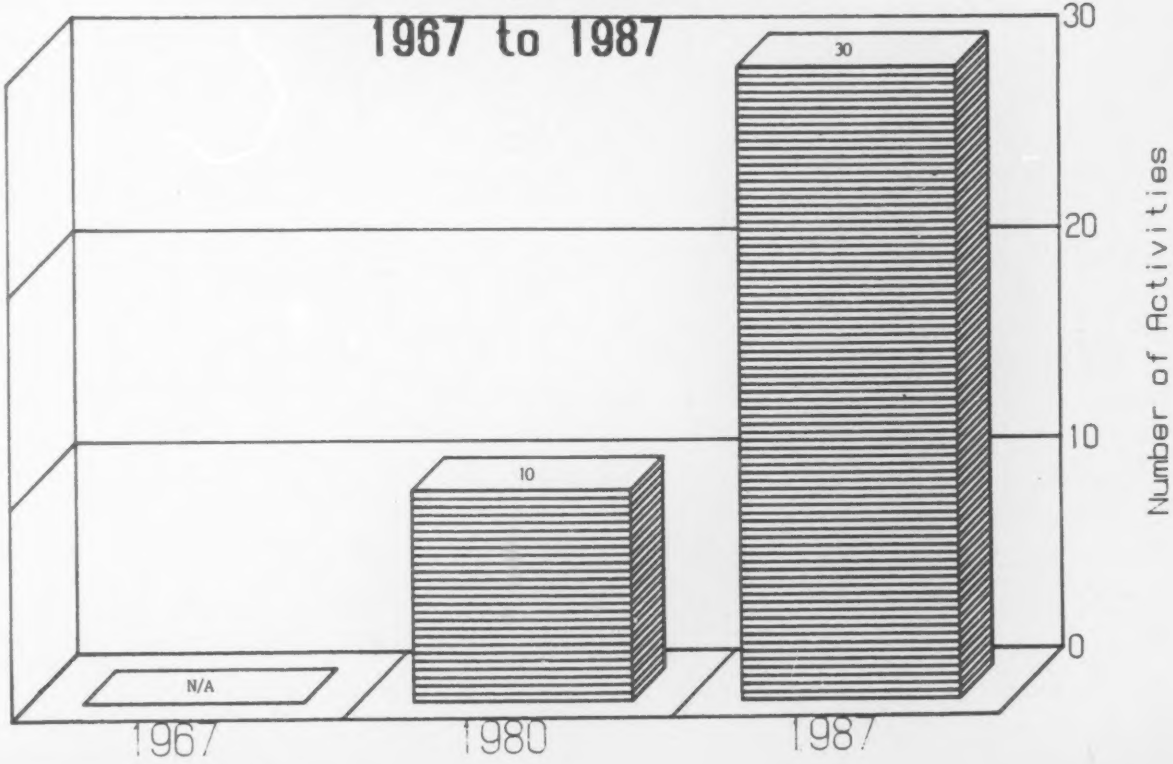

U.S. Information Agency
Foreign Press Facilitations
1967 to 1987
COMPLETE MEDIA ASSISTANCE TO FOREIGN EMBASSIES AND JOURNALISTS
Number of Activities
1400
1200
1000
800
600
400
200
0
New York only
100
1967
New York and Washington
550
1980
New York, Washington, Los Angeles
1400
1987

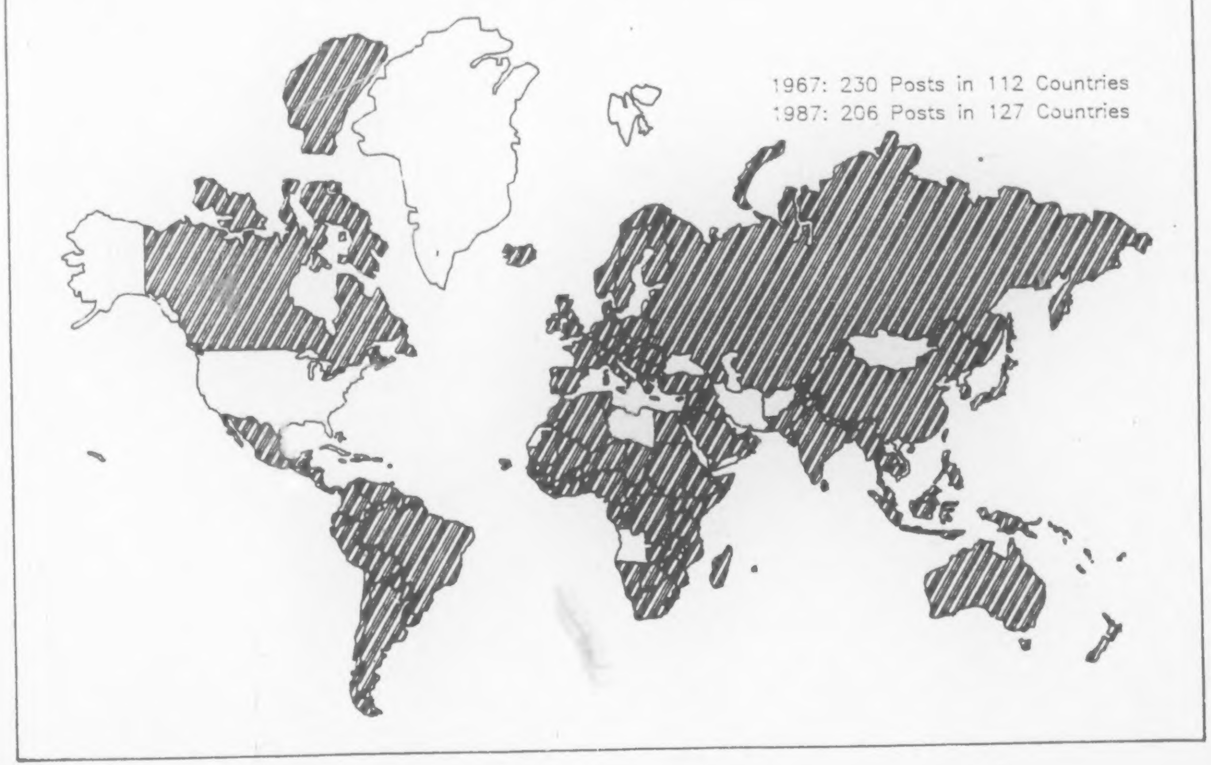


U.S. Information Agency
Private Sector Grants
1967 to 1987

U.S. Information Agency

Television Cooperatives
with Foreign Countries
1967 to 1987





USIA Around the World
A Comparison

1967: 230 Posts in 112 Countries
1987: 206 Posts in 127 Countries

PREPARED STATEMENT OF SENATOR PRESSLER

Mr. Chairman, I welcome this opportunity to examine some of the issues regarding U.S. contributions to the United Nations. Along with our committee colleague from Virginia, last fall I had the pleasure of serving as a U.S. representative to the United Nations 41st General Assembly session. It was a great learning experience for me. The U.S. delegation and staff perform very effectively and professionally against great odds. I would like to take this opportunity to publicly thank Ambassador Walters for the fine support he and his staff at the United Nations provided me. It was an experience I shall never forget.

Mr. Chairman, for the past few years the Heritage Foundation has sponsored what is called a "United Nations Assessment Project" consisting of well-researched studies regarding various aspects of the United Nations system. I have found these to be well worth reading and wish to commend some of the principal Heritage Foundation researchers and writers involved in this project: Charles M. Lichenstein, Dr. Juliana Geran Pilon, Thomas E.L. Dewey, and Roger Brooks, who is now at the Department of State.

I also ask consent to have printed in the hearing record two recent Heritage Foundation studies. One is entitled, "The Report That The U.N. Wants to Suppress: Soviet Atrocities in Afghanistan", and the other is entitled, "United Nations Reform: Where's the Beef?".

January 12, 1987

THE REPORT THAT THE U.N. WANTS TO SUPPRESS: SOVIET ATROCITIES IN AFGHANISTAN

A recent United Nations report on human rights reveals much more about the U.N. than it says about anything else. Prepared by the Special Rapporteur of the U.N. Commission on Human Rights, it is an "Interim report on the situation of human rights in Afghanistan." But when the report was released officially on November 4, it had an embarrassing, gaping hole. Missing from the official French, Spanish, Chinese, and Russian versions was a 13-page "annex" which documents Soviet atrocities and other human rights violations against the people of Afghanistan. Although the Special Rapporteur specifically urged that his findings be brought to the attention of the General Assembly, this annex appears only in English and then only in a very limited edition.

This 13-page hole, reminiscent of the 18 minutes erased from a key Nixon Watergate tape, typifies the United Nations' pervasive double standard: treating the U.S. and the West tough but putting on kid gloves when dealing with the Soviet Union.

The U.N.'s Under-Secretary-General for Political and General Assembly Affairs William B. Buffum defends his decision to omit the annex from the official version by pleading time and financial constraints. He and other U.N. officials note that an annex on

Israeli practices in the occupied territories, for example, was also omitted from the official report. That annex is much longer--125 pages.

Buffum told The Heritage Foundation that the annex on Israel is "full of vicious anti-Israeli rhetoric." This was, it seems, one of the reasons for omitting the long added section on Israel. By contrast, however, the annex to the Afghanistan report is free of invective and provocative rhetoric. Instead it merely catalogues carefully documented instances of Soviet atrocities against Afghanistan's civilian population, notably children. Another major difference between the Israel and Afghanistan reports is bulk. In addition to the 125-page annex, the main body of the Israeli practices report is 126 pages. The main Afghanistan report is only 27 pages long.

When asked whether he was under any legal or any other obligation to cut any of the human rights reports' annexes, Buffum said that he was not.

The decision of what is included in the main part of the report and what is in an annex, Buffum explained, is made at the "editorial" level. He declined to identify who actually made this decision in the case of the Afghan report. According to a U.S. Department of State official and other informed individuals, this "editorial" decision was made inside the U.N.'s Department of Conference Services, a section heavily controlled by East bloc U.N. employees. The Department, in fact, is headed by Eugeniusz Wyzner of Poland.[1]

The problem of editing the U.N.'s human rights reports will become particularly significant this year, as a result of the decision by the General Assembly on December 4 to circulate such reports "in their full form." This decision may result in censoring information in all versions, including English.

Buffum denied that his decision to allow the Afghan report's annex to appear only in an English translation whose availability is limited was politically motivated. When asked whether he felt that the report was significant in view of the severity of the human rights violations in Afghanistan, he responded: "It is literally in the eye of the beholder."

What the Afghan report's suppressed annex indicates, however, is a brutality by Moscow's troops on an appalling scale. Thousands of children have been killed by Soviet bombs disguised as toys; gas and chemical weapons have been used against civilians; and torture is common at interrogation centers of the Moscow-controlled Afghan secret police, the Khad. The torture involves pulling out fingernails, as well as systematic beating and psychological pressure and Afghan government and Soviet troops try to seal border areas to prevent Afghans from fleeing.

The U.N. censored report presents, in fact, a very conservative picture of Soviet atrocities in Afghanistan. According to its author, U.N. Special Rapporteur Felix Ermacora, professor of public law at the University of Vienna, some accounts of atrocities were omitted to save space and others because further substantiation would have been desirable.

While many egregious human rights violations were also committed by the Afghan soldiers, Ermacora emphasizes that most of the atrocities described in his report, and particularly in the censored annex, were committed by the Soviets.

The United Nations now may be in a life or death struggle for existence. Whether the U.N. survives probably will depend upon whether it can restore its credibility with the U.S. Congress and

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[1] See Mark Huber, "Moscow's Bastion in Manhattan: The U.N. Department of Conference Services," Heritage Foundation Backgrounder No. 518, June 20, 1986.

American people. A key reason why Americans have become fed up with the U.N. is that organization's undisguised double standard which goes easy on Soviet bloc nations but thinks nothing of getting tough with the U.S. and other democracies. Censoring a report on Soviet atrocities in Afghanistan, prepared by a noted Austrian jurist, is no way for the U.N. to regain credibility. Indeed, even the censored report carefully avoids stating that the USSR has invaded Afghanistan and that its forces are there committing the atrocities.

Juliana Geran Pilon, Ph.D.
Senior Policy Analyst

[EXCERPTS]

Following are excerpts from the Annex to the report on Soviet human rights violations in Afghanistan that the U.N. has censored.

Supplementary material to the interim report on the situation of human rights in Afghanistan prepared by the Special Rapporteur of the Commission on Human Rights in accordance with Commission resolution 1986/40 of 12 March 1986 and Economic and Social Council decision 1986/136 of 23 May 1986

(A/41/778, annex)

INFORMATION CONCERNING RESPECT FOR HUMAN RIGHTS IN AFGHANISTAN

1. Situation of human rights in Afghanistan independent of the armed conflict

(a) Right to life

4. During the reporting period, the Special Rapporteur has received information on some cases of death sentences.

(b) Right of liberty and security of person; prison conditions...

6. New information concerning prison conditions has been communicated to the Special Rapporteur in Quetta by two Australians, Ms. Jenny Lade, teacher of sculpture at the University of Baluchistan, and Robert Williamson, expert of forestry working on a project financed by the World Bank in Baluchistan, who were kidnapped by members of the Sassouli tribe on 18 May 1985 while proceeding to the site of the project located in the Maslakh forest reserve (west of Quetta). Detained for two weeks in the tribal area on the border of Pakistan and Afghanistan, they were transferred to Kandahar by a helicopter identified as belonging to the [Soviet-controlled] Afghan military forces. Two days later they were transferred to Kabul and detained in Sedarat Prison. During their transfer from the tribal area to Kandahar and Kabul they were blindfolded and handcuffed. During their detention they were separated.

Jenny Lade's conditions of imprisonment

7. Detained from 2 June to 27 December 1985 in a cell measuring 10 feet by 10 feet with up to four political prisoners waiting to be convicted (she was told that some of them had been detained for up to 22 months without trial) she was not permitted to inform the Australian Embassy of her detention. The women detained with her were aged between 17 and 65 years and some were accompanied by their babies. During the period of detention, although she received sufficient quantities of food, the nutritional value of the food was so low that she eventually contracted scurvy. Accordingly [sic] to

information given to her by an inmate, there had been cases of ill-treatment of women previously detained at the Sadarat Prison (some of them were allegedly hung up by their arms and beaten on their legs, and she had seen an inmate with bruises on her legs). The time outside the cell was limited to half an hour a day. She described the cell as being in poor condition, with a leaking roof and the floor covered with insects and rats. Other inmates could receive parcels once fortnightly from relatives, containing food, clothes and money. However, some of the contents of the parcels were withheld by prison warders.

8. In October 1985, she was charged with illegal entry into Afghanistan, membership of the CIA and involvement with Pashtu tribesmen for counter-revolutionary activities. Thereafter she was given half an hour to write her defence. During her entire detention she was not allowed either to write to her family or to have a lawyer. However, she was obliged to write two letters in accordance with guidelines, dictated to her by a police officer (interrogator), stating that she was in good health and alive. The letter was sent to the Pakistani authorities and the Australian Embassy in Islamabad. She was released without trial on 27 December 1985, the same day as Mr. Williamson.

Robert Williamson's conditions of imprisonment

9. Detained for the same period as Ms. Lade, Mr. Williamson was completely isolated from the other detainees for five months. He was not permitted to inform the Australian Embassy or anyone else of his detention. Unlike other inmates, he was not allowed any physical exercise; his only option was to walk up and down his cell. He was charged with illegal entry into Afghanistan, membership of the CIA and involvement with Pashtu tribesmen for counter-revolutionary activities. However, he received enough time and paper to prepare his defence. During his entire detention he was not allowed either to write to his family or to contact a lawyer. He was released without trial on 27 December 1985, the same day as Ms. Lade.

10. According to information given to him by inmates, there had been cases of torture by electric shocks; he was also told of a 16-year-old detainee and the case of a man kept in detention for three and a half years without trial. Cries and screams could be heard during the night from different parts of the prison.

* * *

12. A driver working for the Water and Power Development Authorities project group informed the Special Rapporteur that he had been kidnapped by Asmatullah tribesmen on 29 November 1985 under similar circumstances to those of the two Australians while proceeding to a village located near Chaman. He had also been handed over to Afghan authorities in Spin Baldak and then transferred to a prison in Kandahar. Two and a half months later he was transferred to Pol-i-Charkhi Prison in Kabul, and charged with illegal entry into Afghanistan. According to his testimony, there have been cases of ill-treatment of detainees who were allegedly forced to stand on one leg in the snow for an hour at a time. On 16 August 1986 he was released without trial as part of an exchange of prisoners. It was also stated to the Special Rapporteur that other Pakistan citizens who had been kidnapped under similar circumstances were still in Afghan custody; no further information about the fate of these persons was available.

13. The Special Rapporteur has been informed about the continuation of torture and ill-treatment in Khad [the Moscow-controlled Afghan secret police] interrogation centres during interrogation. According to new information, during interrogation the following severe methods of torture are still being used on men and women: pulling out finger nails, systematic beating and psychological pressure. Information has been received about particularly harsh disciplinary measures in the Pol-i-Charkhi Prison. Two persons reported that they have been held for days and nights handcuffed and with their knees bound, in a very small, dirty, humid cell. They showed marks on their arms and legs to

the Special Rapporteur. One of these persons gave the Special Rapporteur a copy of judgement delivered by a revolutionary court and a copy of a decision releasing the same person in accordance with the implementation of the Amnesty Decree declared on the occasion of the Loya Jirgah which took place on 4 July 1986.

* * *

(d) Impact of conflicting ideologies on cultural life in Afghanistan

16. The Special Rapporteur has received additional information confirming the fact that the educational system in Afghanistan is largely based on non-traditional ideas. This is at variance with article 18, paragraphs 1 and 4, of the International Covenant on Civil and Political Rights. The educational system applied to many children sent abroad through the institution known as perwarischgahi watan (homeland nursery) is still in force and children are still enrolled in this institution [apparently for the purpose of communist indoctrination] against their parents' will. The Special Rapporteur was told that some children are sent to the Soviet Union for a short period of time and used thereafter as spies. A 16-year-old boy informed the Special Rapporteur that he had been sent to the Soviet Union against his will, trained for two months in espionage and forced to collect information on the activities of opposition movements based in Peshawar (see also E/CN.4/1986/24, paras. 64-66).

2. Situation of human rights resulting from the armed conflict in Afghanistan

(a) General survey

17. Pursuant to the request of the Commission on Human Rights in paragraph 6 of its resolution 1985/38, the Special Rapporteur proposes to provide information on the casualties sustained by the civilian population in Afghanistan as a result of the situation now prevailing in that country.

18. The provision of such information is dependent upon two basic requisites: first, access to areas where bombardments took place; and, secondly, the technical knowledge and expertise to assess the material damage resulting from these bombardments of civilians. As regards the first element, since the Special Rapporteur is denied access to the territory, he is obliged to take into consideration all other information available to him that he deems reliable, as corroborated by numerous sources. The second element is a matter outside his competence, and he will limit himself to describing, as far as possible, the nature and extent of the bombardments in question.

19. The Special Rapporteur has followed the situation in the country as reflected in the information available to him, including reports on several incidents which came to his knowledge. As already mentioned above, new tactics are being used in order gradually to close the routes often used by the opposition forces as well as Afghan refugees. Many reports show that the governmental forces or foreign [i.e., Soviet] troops are trying to seal border areas to prevent the flow of persons, including refugees, across the borders; this has resulted in the loss of many lives as well as property and has made it difficult to evacuate the wounded. Furthermore, many casualties have been reported as a result of the military campaign to secure the main highways linking the larger towns and the northern border and to establish new military posts along the highways and in the larger cities and airfields. Cities like Herat and Kandahar are reported to have been largely destroyed and to be mainly controlled by opposition movements. Intense fighting was reported to have taken place also in the northern and south-eastern regions. Toy bombs are still used [by the Soviet troops], affecting the civilian population, especially children and animals. The Special Rapporteur was informed of the use of bombs which were said to disperse hundreds of fragments similar to small blades. The use of such bombs has been confirmed by many wounded persons during the visits of the Special Rapporteur to hospitals.

* * *

(b) Casualties resulting from bombardments and other forms of warfare, in particular concerning the civilian population

21. The gravity of the conflict is illustrated by the high civilian casualties resulting from bombardments and massacres which were reported to have occurred during searches for members of opposition movements carried out by the [Soviet and/or Soviet-controlled] military forces. Statistics received by the Special Rapporteur show that the number of civilian deaths has diminished during 1986 (see annex).

22. The Special Rapporteur has already provided a statistical survey of civilian casualties during 1985 (E/CN.4/1986/24, para. 72). According to information submitted by the Bibliotheca Afghanica Foundation (Liesthal, Switzerland), civilian casualties from the end of 1985 to September 1986 are of the order of 10,000 to 12,000.

23. According to statements made by various witnesses to the Special Rapporteur, the governmental forces and/or foreign [Soviet] troops continue to bomb villages, cultivated land and water reservoirs as well as to kill animals in order to deprive the population of their subsistence and force them to leave the rural areas either to seek refuge or to seek shelter in the major cities.

24. Several witnesses reported on the use by the armed [Soviet] forces of gas, in which a greenish-colored substance was released against members of opposition forces hiding in underground passages or karez. The substance reportedly caused serious injuries. The use of chemical weapons has been reported in four instances in Konduz, Paktia, Kabul and Vardak Provinces: the use of napalm and phosphor bombs was reported in four other instances in the provinces of Herat, Paktia and Kabul (twice).

25. The Special Rapporteur was given information about an incident said to have occurred in mid-August 1986 in the village of Garabad, in Konduz Province, during which [pro-Soviet and/or Soviet-controlled] soldiers first invaded the village in retaliation for an encounter with members of opposition movements and then executed 30 persons, disemboweled a woman with a bayonet and cut off her breasts, and kicked several children to death. Several houses were destroyed and all livestock killed. The witness claimed that he himself had lost 14 family members (three of whom had been killed by bayonets and 11 crushed under the rubble of their house, which had been destroyed by fire).

26. The Special Rapporteur also learned of several incidents in which reprisals were carried out according to an identical pattern: [Soviet and/or Soviet-controlled] soldiers would retreat after a skirmish, then return to the villages in the vicinity of the combat zone and enter and search the houses, which they subsequently burned, often killing any survivors with bayonets.

27. In one particularly horrible incident, several persons had their throats slit with knives. This incident took place in the village of Siyawachan, in Herat Province, in March 1986. Eleven persons were killed, with one survivor currently receiving medical treatment.

28. Eye-witnesses have informed the Special Rapporteur of civilian deaths during [Soviet] bombing attacks on villages. Some 100 instances of bombardment of civilian targets, or affecting civilian targets were reported during the period under review. According to these witnesses, the bombardments grew particularly intense and numerous after June 1986. Given the large number of incidents, the Special Rapporteur will describe only the following cases, which he believes ought to be brought to the attention of the General Assembly:

(a) In late March 1986, approximately 350 men, women and children were killed in four villages in the Qarabagh District, Ghazni Province;

(b) On 12 April 1986, between 800 and 1,000 civilians were killed by soldiers in the Andkhvoy District of Faryab Province during a

[Soviet] bombing raid. Several houses were destroyed during this raid. There have also been reports in the same province of 100 civilians killed during encounters on 5 June 1986 between Afghan troops and opposition fighters;

(c) Following fighting between Afghan troops and members of opposition movements in Kandahar Province in mid-July 1986, approximately 25 civilians were killed.

29. In addition to the incidents mentioned above, the Special Rapporteur personally saw the bodies of women killed during [Soviet] bombings in Paktia Province.

30. On a parallel with these incidents, the Special Rapporteur feels compelled to state that a number of civilians are reported to have been killed during attacks by members of opposition movements. The Special Rapporteur was informed that at least 50 civilians and military personnel had been killed and several others wounded in the explosion of a munitions depot on 27 August 1986 at Qargha in Kabul Province. In addition, a bomb explosion at the Jalalabad airport on 11 August 1986, killed approximately 16 persons and wounded several others. Leaders of the [anti-Soviet] opposition movements took credit for both these incidents.

31. The Special Rapporteur has already had occasion to discuss the humanitarian activities of the International Committee of the Red Cross (ICRC) in his earlier reports. Since then he has noted an increase in the number of civilian casualties and in the severity of injuries, particularly within the last three or four months of this year. Different sources of information concur that this worsening of the situation is attributable to the intensity of the fighting begun during this period.

32. According to various sources, ICRC undertook an exploratory mission to assess the prospects for resuming its activities in Afghanistan and to set up a facility that would enable it to resume its humanitarian work.

33. As stated in earlier reports, the main types of action [by Soviet and/or Soviet-controlled forces] which have caused deaths and casualties, in particular among the civilian population of Afghanistan, are bombardments, shelling and massacres in reprisal, acts of brutality committed by armed forces, and the use of anti-personnel mines and booby-trap toys. The Special Rapporteur learned that chemical fertilizers, so-called "seism" mines, anti-personnel mines and booby-trap toys were still used. He was also informed of the use of toy-bombs inside houses.

34. During visits to hospitals at Quetta and Peshawar in September 1986, the Special Rapporteur was able to obtain statistics on civilian casualties. There was a notable increase in the number of wounded since May 1985, peaking in July and August 1986. It was explained to the Special Rapporteur that this aggravation was due to the intensity of fighting which had taken place in Paktia, Paktika, Nangarhar, Herat and Faryab Provinces. For example, in a single hospital, 3,344 patients had been hospitalized between January and July 1986, for either bullet or shrapnel wounds.

(c) Use of anti-personnel mines and booby-trap toys

35. The Special Rapporteur has already reported to the General Assembly on the use of anti-personnel mines and booby-trap toys (A/40/843, paras. 90-93). He was able to see and speak to wounded children whose injuries were caused by the use of these horrible weapons.

36. In the course of talks held in September 1986, the Special Rapporteur received information which confirmed that the [pro-Soviet] Afghan and/or foreign [i.e., Soviet] armed forces were using anti-personnel mines and booby-trap toys of increasingly varied types.

37. As regards injuries sustained by children, the Special Rapporteur himself observed that they generally comprise serious leg and hand wounds which frequently result in amputations; this, he was told, was the result of explosions of booby-trap bombs in the form of toys, of anti-personnel mines or of bombardments. The following cases may serve as illustrations:

(a) A child of two years, hospitalized at Mekka El Mukarramma, at Quetta, is currently undergoing treatment for severe burns sustained on both legs in a fire which totally destroyed his house in July 1985, after a [Soviet] bombing attack on his village, located in Ghazni Province;

(b) A 17-year-old girl from Ghazni Province had her face completely disfigured by burns in a fire which started when her house was bombed. A piece of shrapnel in her abdomen also injured her entire genital system, for which she is now receiving intensive care. She said that her entire family had been killed during the incident;

(c) In March 1986, a 13-year-old child from Mazar-e-Sharif in Balkh Province was seriously wounded by exploding knife-like shrapnel. During this incident, which occurred during an aerial bombing, 7 members of his family and 60 other inhabitants of the village perished;

(d) A 16-year-old boy, a native of Paktika, had his left leg amputated following the explosion of an anti-personnel mine in July 1986.

38. According to information obtained during the recent visit, [Soviet] booby-trap toys have been distributed along the entire length of the Misamsha-Khost border in the Bangidar Valley, in Paktia Province.

(d) Acts of brutality committed by armed forces and other examples of warfare contrary to humanitarian standards

39. During the period under consideration, the Special Rapporteur received information confirming that acts of brutality by the armed forces had taken place during military operations throughout the country. He can only recall the incidents described in document A/41/778, which are largely typical of the atrocities committed, particularly during raids or retaliatory attacks against villages.

40. Looting is reported to happen frequently during house and village searches [by Soviet and/or Soviet-controlled forces]. In particular money and jewelry are requested and people who are unable or unwilling to give them are shot.

* * *

44. The Special Rapporteur has been informed that the Minaret of Herat, the Chesht Mosque and the Herat Great Mosque Jami have been destroyed. These are monuments to which the Convention for the Protection of Cultural Property in the event of Armed Conflict of 14 May 1954 must apply. In response to his letter to the United Nations Educational, Scientific and Cultural Organization requesting additional information, the Special Rapporteur received the following reply on 24 February 1986:

> "As part of the international campaign to save the monuments of Herat, and at the request of the national authorities, UNESCO dispatched a consultant, Professor Andrea Bruno of Italy, on a mission to Afghanistan from 23 December 1985 to 6 January 1986. The purpose of the mission was to update the campaign plan of action.
>
> "Professor Bruno visited only Kabul, where he held technical consultations with the competent authorities in charge of monument preservation. In view of the instructions of the United Nations Security Co-ordinator in New York, no visit to the Herat region was scheduled, nor did the Kabul

authorities propose any such visit. Consequently, Professor Bruno was unable to obtain any on-site information regarding the monuments mentioned in the aforementioned letter."

45. Apart from the direct consequences of the conflict on the cultural heritage of Afghanistan (see para. 44), the Special Rapporteur has received information indicating a consistent pattern of actions [by Soviet forces] designed to obliterate the evidence of the cultural heritage, mainly through neglect of the side-effects of hostilities. Furthermore, this information shows a deliberate effort to stifle artistic activities and cultural life; museums have suffered, libraries have been destroyed, and artists have been killed or have sought refuge abroad.

(e) Conscription, including of children

46. The Special Rapporteur was informed that, in 1982, the regulations concerning the age for drafting into the [Soviet-controlled Afghan] army had been lowered to 15 years. There was forced conscription and the term of military service rose from two to three years in 1982 and then to four years in 1984.

47. The Special Rapporteur has learned that such conscription continues, depriving universities and schools of male students. In addition, it would appear that the conscription system is governed by severe discriminatory methods: for example, students from families belonging to the Communist Party or sympathizing with it have the privilege of not joining the army at the age of 15, thus having a chance to continue their studies, at home or abroad. A new feature of conscription has been reported by various reliable persons: political prisoners who have benefited from the amnesty following the commemoration in April 1986 of the Saur Revolution were immediately drafted into the Afghan army. Some of them have served in the militia, where their task has been to pick up young men who are old enough to be conscripted in order to draft them into the army.

(f) Situation of "internal refugees" or displaced persons in Afghanistan

48. As the Special Rapporteur already stated in his previous reports, the instability created by events in Afghanistan since 1979 has led to a massive exodus not only to other countries, particularly Pakistan and the Islamic Republic of Iran, but also from rural areas to the towns.

49. The situation of internal refugees or displaced persons has not changed since the Special Rapporteur described it in paragraphs 63 to 66 of his previous report to the General Assembly (A/40/843). In addition, the Special Rapporteur has learned that the [Soviet-controlled] Government intends to displace 300,000 persons from the eastern provinces to the south-western provinces. According to information available, most of the population concerned has already sought refuge in Pakistan (see A/41/778, para. 29)....

March 10, 1987

UNITED NATIONS REFORM: WHERE'S THE BEEF?

Charles M. Lichenstein
Senior Fellow

INTRODUCTION

Under intense pressure from the U.S., the United Nations in 1985 reluctantly agreed to assess its operations and programs to determine how they could be reformed. The goal, ostensibly, was to find ways to restore United Nations effectiveness "when the U.N.'s credibility is sagging in nearly every region of the world."[1] To achieve this, a committee was appointed and, on August 15, 1986, a reform plan was unveiled with considerable fanfare. In the months following, the U.N. General Assembly and Secretariat were supposed to begin translating the reform proposals into reality. Now that this process has been under way for some time, it would be appropriate for Members of Congress, U.S. officials, and the American public to ask about U.N. reform: Where's the beef?

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[1] Leadership at the United Nations, Report of the U.N. Management and Decision Making Panel of the United Nations Association of the USA, December 10, 1986, p. 4.

The truth is that, despite the fanfare, there is no beef. Fundamental reform of the U.N. was never even attempted. The U.N. and its reform committee, known formally as The Group of High-Level Intergovernmental Experts to Review the Efficiency of the Administrative and Financial Functioning of the United Nations, never focused on U.N. programs. This means that the reform process ignored the basic allocation of resources and the effectiveness and efficiency with which the U.N. bureaucracy in New York spends its nearly one billion dollars each year. (More than $3 billion are spent by other U.N. agencies.) A fundamental U.N. reform process, moreover, would work from the principles enunciated in the U.N. Charter: keeping the peace, enhancing human rights, promoting economic development. These would be used by genuine reformers as benchmarks for program evaluation. By contrast, the "reform" being pursued at the U.N. is equated with the technical procedures for drawing up, examining, and enacting the U.N.'s biennial budget; and even so narrowly defined, it has scarcely gotten off the ground.

Commenting on the U.N. efforts at budget reform, former U.S. Permanent Representative to the U.N. Jeane J. Kirkpatrick noted that the "new procedures designed to introduce more order and discipline into the U.N. budgeting process" depend on a "restructured Committee for Program and Coordination [which] should operate by consensus but...is not required to do so." She pointed out that this could have some effect only:

> _If_ it [the Committee] reaches decisions by consensus, and _if_ the major donors are members, and _if_ their governments insist on fiscal restraint, then the [Committee] will prove the desired instrument for fiscal reform--_if_ the General Assembly chooses to accept its decisions as binding. (Emphasis in the original.)

Consensus decision-making is indeed the key to U.N. budgetary reform. Consensus, of course, means that a policy or budget is adopted only if every committee member approves; in effect, this would give the U.S. a welcome veto over the committee's actions. As Kirkpatrick points out, however, U.N. reform does not require consensus on budget matters.

Thus even on the sole area of attempted U.N. reform, budget matters, the U.N. has taken but one relatively modest step forward. It has avoided, so far, addressing the long-overdue programmatic reform of the U.N. system as a whole.

Congress has been correct in criticizing a wide range of United Nations activities. Congress has been wise in enacting at least a half dozen laws to prod U.N. reform. The most effective action has been the Kassebaum-Solomon Amendment, which cuts the U.S. contribution to the U.N. until fundamental reforms are made. The reforms sought by Congress are not to be cosmetic. So far, however, cosmetics are all that the U.N. reform effort has produced.

IMPETUS FOR U.N. REFORM

The driving force for U.N. reform has been a series of acts by the U.S. Congress, mutually reinforcing, that began in 1979 with the Kemp-Moynihan Amendment barring the use of U.S. contributions for any U.N. program that would benefit certain terrorist organizations. In 1985, Congress passed the Kassebaum-Solomon Amendment, named after its sponsors, Republican Senator Nancy Kassebaum of Kansas and Republican Representative Gerald Solomon of New York. This major initiative mandated a 20 percent cut in the U.S. assessed contribution to the U.N. unless the General Assembly were to adopt a decision-making procedure on budgetary questions that equated a nation's voting power with its proportionate share of the total assessment. This is known as weighted voting, a procedure used very effectively at the World Bank and International Monetary Fund.

Public and official disenchantment with U.N. failures, waste, and its anti-American bias was fueled also by a steady stream of factual reports issued by the U.S. Mission to the U.N. from 1981 to 1985, during Kirkpatrick's tenure as ambassador. Virtually for the first time since the U.N. was founded in 1945, critical attention began to be focused on what really went on at U.N. Headquarters in New York and on the extent to which the U.N.'s main political bodies--the General Assembly, the Security Council, and the Secretariat--were themselves violating the principles of the U.N. Charter. An especially dramatic example: U.N. toleration of Soviet espionage within the Secretariat itself.

The result was instant recognition that the U.N. could no longer defer the effort to put its house in order. The rhetoric of reform, at least, began to catch up with reality. The solution: create a committee to study the problem and recommend action.

THE EXPERTS GROUP

That reform effort got under way at the end of 1985. In the final action of its 40th session, on December 18, 1985, the U.N. General Assembly established a Group of High-Level Intergovernmental Experts to Review the Efficiency of the Administrative and Financial Functioning of the United Nations. This 18-member Experts Group was appointed by Secretary-General Javier Perez de Cuellar with adherence to the traditional U.N. geographic spread. All five permanent members (the U.S., USSR, China, France, and Britain) were represented. The U.S. representative was Jose Sorzano, who had served from 1981 to 1985 as deputy to Ambassador Kirkpatrick and who now is a senior staff member on the National Security Council. From February to August last year, the Experts Group held 67 meetings. Its Report (Supplement No. 49: A/41/49) was delivered on schedule as the 41st U.N. General Assembly convened in mid-September.

Though the Group's title gave the body a very broad charter, the Experts Group confined itself to a relatively narrow focus. Its Report included some sweeping generalizations about the U.N.'s basic organization (calling for follow-on studies by "appropriate" bodies) and somewhat more specific recommendations about U.N. Secretariat personnel policy. On the key question of the U.N. budget process, however, the Experts Group could not agree on a decision. It put three alternative reform scenarios on the table, ranging from cosmetic-only to something very close to total control of the process by inflexible rule of consensus by the major donor nations.

The Report of the Experts Group is an extraordinary document. Read literally, with all the loopholes of diplomatic understatement closed, it is a damning indictment of U.N. "business as usual." On a single page of the Report, dealing with "Structure of the Secretariat," the descriptive phrases include: "duplication of work," "reduced productivity," "reduced quality of performance," "too top-heavy," "too complex," "too fragmented," "dispersion of responsibility," and "diffuse lines of authority, accountability and communication."

Astonishingly, considering its Third World majority (12 members out of 18) and the fact that criticism of U.N. practices usually is perceived as a slap at Third World "backwardness," the Experts Group draws most of the logical conclusions. Among its general, non-budgetary recommendations are:

- major consolidation of the Secretariat's nine existing "political" departments and eleven "economic and social" units;
- no new Secretariat units without the elimination and/or consolidation of existing duplicative units;
- a 15 percent reduction in the Secretariat's current workforce of nearly 12,000;
- reduced "perks" and benefits for all Secretariat personnel;
- a ban on rehiring retired Secretariat officials as "consultants" at full pay;

- consolidation of the public information function, now dispersed among a dozen competing offices throughout the Secretariat;
- no new conference facilities--a clear reference to the $73 million U.N. Center in Addis Ababa, authorized in 1985 over bitter U.S. objections, in the midst of the Ethiopian famine;
- a 25 percent reduction in the number of Under- and Assistant-Secretaries-General, of which there are now 57 at the U.N.'s New York headquarters alone (this would be comparable to about 500 Under- and Assistant-Secretaries in, for example, the U.S. Department of Health and Human Services, which manages to get along with a dozen).

The Experts Group even almost agreed to curtail the Soviet bloc's flagrant abuse of the practice of "secondment," whereby 99.7 percent of Soviet bloc nationals who occupy Secretariat professional slots work on fixed contracts rather than as career international civil servants. For a number of complex reasons, this allows the USSR and Soviet bloc states to "own" the staff positions their nationals hold. At its next-to-last meeting, the Experts Group seemed to reach a consensus to recommend a 50 percent cap on seconded Secretariat professional staff from any member-state. The Soviet representative did not object. Next morning, however, the Soviet delegate apparently realized what he had approved the previous evening. He reversed himself and voted "nyet," preventing the recommendation from being reported as unanimous. "Some members do not agree" was duly noted in the text.

THE U.N. BUDGET PROCESS

With regard to the U.N. budget process, the Experts Group split three ways. Even so, the broad outlines of a quite radical reform were suggested in the Report. Among its major features were:

- The centerpiece of the budget process would be a Committee on Program and Coordination (CPC) with the appearance at least of increased responsibilities; this 21-member group is elected by the General Assembly for staggered three-year terms (with five members from "the West" and Africa, four each from Asia and Latin America, and three from Eastern Europe).
- In off-budget years (the U.N. regular budget covers two calendar years) the Secretary-General would present to the CPC a detailed programmatic plan for U.N. activities, along with a projection of needed funding, and would do so in time for thorough "intergovernmental consultations."
- In budget years, the Secretary-General would recast the agreed program plan into actual budget numbers, again leaving time for thorough review by both the CPC and the Advisory Committee on Administrative and Budgetary Questions (the ACABQ, a 16-member group also elected by the General Assembly for three-year staggered terms, consisting by tradition of genuinely expert "number crunchers" and comparable to the U.S. Joint Economic Committee).
- A contingency fund would be included in the budget, capped at 2 percent of the projected total, from which all emergency expenditures would have to be funded.
- All other budget add-ons would require reallocating existing resources.
- Decision-making in both the CPC and ACABQ "should be" by consensus.
- Final decisions on programs and budgets would remain, in accordance with the U.N. Charter, with the full 159-member U.N. General Assembly (working through its Fifth or Budget Committee).

That was the rough plan, in outline and lacking consensus, that the Experts Group put on the agenda of the 41st General Assembly last September. It was said, in the corridors and lounges of the United Nations Headquarters in Manhattan, that this was the make-or-break "reform" General Assembly.

WHAT THE 41ST GENERAL ASSEMBLY DID--AND FAILED TO DO

What came out of the General Assembly reform pipeline was barely a trickle. The much-awaited "reform resolution" 41/213, adopted on December 19 without a vote, was long on promise and very short on enforcing teeth. Almost all of the critical components of the budget process remain to be determined. In this resolution:

- The 15 percent staff cut and the dramatic 25 percent cut in top-level Secretariat posts have been reduced to "targets" only, and even then the Secretary-General should be "flexible" in taking action to avoid "negative impact" on programs and on the "structure" of the Secretariat. Although there have been some reductions in Secretariat personnel, primarily through attrition, full-scale restructuring and reductions have yet to take place.
- Secondment, and its abuse by the Soviet bloc, survived intact; the Experts Group recommendations on this were to be executed only "to the extent they are agreed upon," thus upholding Soviet veto.
- The new U.N. Center in famine-stricken Addis Ababa moves full speed ahead; the recommendation to scrap it "should not prejudice" prior decisions by the General Assembly.
- The contingency fund remains in the budget, but the 2 percent cap has disappeared; add-ons will continue to be at the discretion of the General Assembly and its Third World majority to be funded, apparently, by increased contributions from the U.S. and other big donors.
- Any sense of attempting to enforce consensus in the budget process has all but disappeared. According to the "reform resolution," the CPC "should [not "must"] continue its existing practice of reaching decisions by consensus," and the key Fifth (Budget) Committee of the General Assembly, "should continue to make all possible efforts with a view to establishing the broadest possible agreement," meaning that consensus need not be achieved for the U.N. to approve its budget.

The result of the "reform act" of the 41st U.N. General Assembly: U.N. "business as usual."

WHAT HAPPENS NEXT?

Such U.N. "business as usual" should be unacceptable to the U.S. government, the Congress, and the American people. They have demanded that the U.N. reform itself and the U.N. has refused. The lessons of recent years therefore should continue to guide future U.S. action toward the U.N. The most important lesson: the impetus toward genuine U.N. reform has been driven by 1) a tough-minded approach by the State Department and the U.S. Mission to the U.N. in New York, 2) a specific action agenda to which U.S. representatives to the U.N. firmly adhere, and 3) maximum leverage by the U.S. Congress with its power of the purse. Nothing, apparently, so concentrates the minds of U.N. members and the U.N. bureaucracy as the threat of impending "fiscal crisis".

This pressure must be maintained. The result of this pressure--and the proper functioning of the "consensus" budget process--could be the elimination of some of the most obnoxious of the U.N.'s "perpetual" programs. Example: the Secretariat's anti-colonialism bureaucracy, which spends most of its efforts attacking U.S. "imperialism" in Puerto Rico and Guam. Example: the proliferation of U.N. economic units which continue to advocate the thoroughly discredited Marxist development model throughout the Third World. A key player will be the U.S. representative on the upgraded Committee on Program and Coordination who will have to hold the line for fiscal restraint and fundamental, programmatic reform and against the strong countervailing pressures to "go along" in the interest of harmony within the U.N. "community." To strengthen the U.S. hand in the next negotiating rounds:

1) At a minimum, the Kassebaum-Solomon amendment must remain in force, as must the Sundquist Amendment, named after its author Representative Donald Sundquist, the Tennessee Republican. Congress

should ensure that the State Department imposes the congressionally mandated withholdings of U.S. contributions to terrorist organizations, to Law of the Sea administrative machinery, and the Addis Ababa conference center. The Kassebaum-Solomon Amendment reduces the U.S. contribution from 25 percent to 20 percent of the total U.N. regular budget, unless and until the U.N. General Assembly adopts a voting procedure on budget matters weighted to assessed contributions. Congress should now consider enacting a "rolling" or cumulative 20 percent annual reduction in the U.S. contribution, to step up the pressure. In other words, every year the U.S. contribution would be cut 20 percent from the previous year's base. The Sundquist Amendment mandates an additional $15-$20 million annual reduction in the U.S. contribution to the U.N., to offset the U.S. share of salary kickbacks by Soviet bloc U.N. bureaucrats to their governments. This cut should continue as long as the abuse continues.

2) Congress should make all 1987 U.S. contributions to the U.N. regular budget--or a substantial part, such as 50 percent--contingent on the rule of consensus being maintained in the Committee on Program and Coordination and the Advisory Committee on Administrative and Budgetary Questions, in the Fifth Committee, and in the General Assembly plenary. If the U.S. is compelled to vote against program and budget proposals again in 1987, as it has every year since 1980, Congress then should consider whether any additional U.S. assessed contributions to the U.N. serve the U.S. national interest.

3) Congress should require the Secretary of State to report by the end of the year on the success of the U.S. government in significantly reducing the threat to U.S. national security posed by espionage activities under the cover of Soviet bloc Missions to the U.N. and the U.N. Secretariat. Like the required annual report on voting patterns in the U.N. General Assembly mandated by the Kasten Amendment, the substance of this new report should be taken into account when Congress considers future U.S. contributions to the U.N. Because control of espionage using U.N. cover is ultimately the U.N.'s responsibility, Congress should consider offsetting a substantial part of the costs of U.S. counterespionage efforts against the U.S. contribution to the U.N. regular budget.

CONCLUSION

The Experts Group said of its own Report that "it has only begun a reform process." In the same vein, U.S. Ambassador to the U.N. Vernon Walters and his predecessor Jeane Kirkpatrick assessed the very modest accomplishments of the 41st General Assembly as "only the beginning" of anything approaching lasting reform of the U.N. system. The scenario for that reform remains to be written.

All of them agree that the future of U.N. reform, and the future of the U.N. itself, now is in the hands of the U.N. member-states and the U.N. leadership. If the "by consensus" budget process takes firm hold in 1987, a significant step will have been taken--but only a first step. If the U.S. maintains the pressure that it has mounted in recent years, then that first step may lead to the fundamental programmatic reform that always has been, or ought to have been, the ultimate objective.

PREPARED STATEMENT OF GERALD P. LAMBERTY

The American Foreign Service Association appreciates the opportunity to appear before the Committee this morning to speak on the State Department Authorizaton Bill.

The Association fully supports Secretary Shultz's statement that State Department budget cuts "threaten our ability to pursue a coherent foreign policy by undermining our foreign affairs infrastructure and weakening our career Foreign Service." Other USG agencies seem to have no budgetary constraints in maintaining and expanding their overseas operations. In almost all overseas posts over the past 15 or 20 years, there has been a rapid expansion of other agency personnel and a reduction in State Department Foreign Service personnel. If we do not get adequate financing in this Congress, it will greatly accelerate this trend. Since the bulk of the Department's budget goes for personnel, budget cuts will mean sharp cuts in Foreign Service people overseas. Soon there will remain only a thin veneer of Foreign Service people in our embassies covering a "mountain" of officials from other agencies, some of which have only a narrow responsibility for our relations with particular foreign countries.

We were briefed by Management on the Authorization Bill a week ago, and in general we agree with it. However, there are differences between the management of the State Department and the American Foreign Service Association on some personnel issues.

AFSA has deep concern over the damage to the Foreign Service resulting from the Department of State's current personnel policies. We find it difficult to understand why, through blind adherence to a misinterpretation of the Foreign Service Act of 1980, the State Department continues to waste its most important resources: language expertise, area knowledge and years of experience. These policies impede rapid advancement by our best officers, preclude flexibility in assignments, fail to give adequate reward for substantive and linguistic expertise, and force involuntary retirement of too many highly qualified officers. These unfortunate policies are having an increasingly negative effect on the Department of State's ability to carry out its vital role of managing the foreign affairs of the United States.

The present system of competition coupled with numerous rigidities--such as restrictions on stretch assignments and excessively short TICs (Times in Class)--forces officers to engage in dysfunctional behavior in their struggle to survive. This behavior seriously undermines the effectiveness of the Foreign Service. For example:

1. Many officers now hope for relatively late entry into the Senior Foreign Service so they will be able to meet family responsibilities before confronting the "sudden death" senior system of short TICs and Limited Career Extensions (LCEs).

2. To an increasing degree, officers are attempting to avoid assignments to important functional positions because they are not seen as "career enhancing". Officers who accept such assignments often do so in order to make outside contacts for use in their search for second careers.

3. Many officers feel they cannot afford to "waste" time acquiring critical substantive and linguistic expertise.

4. Frequently officers press for assignments which are not in the best interest of the Service because they feel they must "punch tickets" within their assigned cones in order to survive.

A major casualty of the current personnel system, due to sharply curtailed stretch assignments, is the rank-in-officer concept, which traditionally has permitted the fast upward movement of the best and the brightest.

Finally, current personnel policies are resulting in an injustice which is unique--the involuntary retirement of highly qualified officers constituting an enormous waste of resources and expertise and an unnecessary loss to the service. The injustice is all the more palpable when one considers the many accomplishments and sacrifices of these officers.

We believe the 1980 Act clearly permits the Department to establish a personnel system which would:

1) retain the competitive, up-or-out process but encourage initiative and improve performance;

2) preserve high-quality substantive and linguistic skills (as well as managerial expertise) and reward those officers who acquire them;

3) restore the badly deteriorated rank-in-officer system so that the best officers can move ahead more rapidly; and

4) end the loss to the service of so many officers with critical skills and expertise.

AFSA has been in contact with the Committee staff on the possibility of amendments which may rectify some of the problem areas. We are ready to assist the Committee in solving some of these issues.

I would be pleased to answer any questions.

PREPARED STATEMENT OF CARL GERSHMAN

The National Endowment for Democracy has now entered its fourth year of operation. The establishment of a new institution is never an easy task, and this is especially true for an institution with so bold and difficult a mission as that of the Endowment. In retrospect, the Endowment's first three years have been a period of remarkable accomplishment. The start-up operational tasks -- establishing sound organizational procedures, mapping out a grant strategy, launching a program for democracy-building around the world -- have now largely been completed. Much remains to be done, and the Endowment will continue to evolve and grow in response to changing circumstances. But the Endowment is now an established international presence that has begun to fulfill the immense hopes that people in the United States and around the world have placed in it.

The Endowment has come along at just the right moment. Nineteen hundred and eighty six was a year of historic significance which saw major democratic gains in many countries. The stunning events of February in the Philippines not only constituted a great victory for democracy in that country, but gave inspiration and encouragement to the democratic cause throughout the world. In Haiti, too, the downfall of a dictator offers the prospect of democratic evolution, despite that country's awesome economic and social problems.

The developments in the Philippines and Haiti have not been isolated events. In Guatemala, a new democratically-elected civilian government was inaugurated in 1986, continuing the historic trend toward democracy elsewhere in Central and South America. In other countries, even where change has been blocked, the pressures for change have been evident. Such pressures have continued to grow in South Africa and Chile, to name but two of the more prominent cases. The on-going crisis in Poland, and recent developments in the Soviet Union and China, show that the pressures for change are being felt even within the communist world.

These developments confirm the view, expressed in a recent survey of freedom in the world, that the growth of democracy appears "irresistable and worldwide... It is the only ideology or intellectual stance capable of accommodating the pace of technological change with its ever-changing moral and social requirements. Communist and authoritarian governments are faced with increasingly resentful, sullen, and restive populations. Growing segments of these populations no longer accept one arbitrary outmoded ideology used to justify their oppression."*

* Raymond D. Gastil, Freedom in the World: 1984-1985, Westport, Connecticut, Greenwood Press, 1985 pg. 266-267.

The Endowment symbolizes the commitment of the American people to the democratic cause throughout the world. Even more importantly, it offers a means whereby concrete assistance can be given to those who are struggling without violence to secure a democratic future for their countries. Beyond this, it enables private U.S. institutions, including labor, business, the two major political parties, youth and women's organizations, and many others to help their counterparts abroad achieve democratic goals.

Though the Endowment is still a very young organization, it has already begun to make important contributions in a wide variety of situations.

Supporting Democratic Transitions

One of the most important categories of Endowment work is support for the process of democratic transition. Democratic transition is not a short or easy process for any country. Where it is derailed and taken over by anti-democratic elements -- as happened, for example, in Iran and Nicaragua almost a decade ago -- the effect can be devastating both for the countries involved and for United States national interests. Where it succeeds, as it apparently has in the Philippines and in many Latin American countries, the people benefit and the democratic cause around the world is strengthened.

Endowment programs recognize the diversity of transitional situations. Where the process has not begun, or is in a very early stage (Chile and Paraguay, for example), the programs seek to encourage, assist and unify all those working for a stable transition. Where there have been transfers of power without clear scenarios for transition, as in Haiti, the Endowment has assisted those who are working to mold a new democratic consensus and to build the infrastructure for a democratic order. Where the transfer has brought to power a government with legitimacy and democratic commitment, the Endowment supports those working to build and consolidate a new democratic system.

Endowment programs are supporting the process of democratic transition in:

-- the Philipppines, where the Endowment, through its four core grantees (the AFL-CIO's Free Trade Union Institute, the Center for International Private Enterprise, the National Democratic Institute for International Affairs and the National Republican Institute for International Affairs) and also in cooperation with the YMCA, has made a vital contribution to the process of democratic transition before, during and now after the momentous events of February 1986. In the period leading up to and including these events, this support included large-scale assistance to the democratic labor movement which was under attack from both left and right, and the organization of an international observer delegation to the February 1986 elections which helped turn the tide of opinion in favor of respecting the democratically expressed will of the Philippine people.

-- Guatemala, where the Endowment supported the efforts of a group of Guatemalan professionals and businessmen to develop a nonpartisan political forum where politicians and emerging political groups could find a neutral ground to discuss political issues. With Endowment support, this group also made an invaluable contribution to the 1985 Guatemalan elections by encouraging voter participation through a highly effective nonpartisan get-out-the-vote campaign;

-- Haiti, where support has been given to an emerging free trade union movement, to an umbrella organization of five business associations, and for the establishment of a center to promote research, civic education and democratic cooperation for the consolidation of a new democracy in the post-Duvalier era.

In addition, NDI has convened discussions of the potential party leaders and political candidates on the requirements for a free and fair election;

-- Grenada, where labor and the NRI promoted a successful civic education program that contributed to broad participation in the 1984 election of a new democratic government;

-- Chile, where urgently needed support is being given to a broad group of political and social forces working for a peaceful transition to democracy;

-- Paraguay, where assistance is being given to labor, business, and intellectual organizations working for democratic change, and to Radio Nanduti, which is struggling against severe government harrassment to remain the only genuinely independent communications medium in the country;

-- South Korea, where NDI is working with both government and opposition political parties on activities to encourage the process of peaceful transition to democratic civilian rule; and

-- Taiwan, where NDI is also working in a spirit of non-partisanship to encourage the process of peaceful change and enhanced political participation that is now underway.

Strengthening New Democracies

In new or fragile democracies, the goal of the Endowment is to assist those who are working to build the infrastructure of democracy. This involves helping to build strong independent private-sector institutions, especially trade unions and business associations, and including as well civic and women's organizations, youth groups and cooperatives. It also entails efforts to promote strong, stable political parties that are committed to the democratic process, as well as programs that promote the rule of law, respect for human rights, dialogue among different sectors of society to advance solutions to national problems, and a strong democratic civic culture.

Endowment programs are strengthening new democracies in:

-- the Philippines, where efforts are underway to strengthen the free trade union movement, assist the development of regional chambers of commerce to enable them to take a more active part in the political process, and promote democratic civic education for high-school youth;

-- Guatemala, where the Endowment has supported the efforts of a nonpartisan research institute to examine critical economic and sociopolitical problems confronting that nation. This institute is now playing an important role in Guatemala's National Educational Reform Plan through its development of a nationwide program of democratic civic education;

-- Argentina, where the Endowment has made possible the rapid expansion of a major women's program of civic education, Conciencia, as well as a multi-party discussion of ways to strengthen the Argentine legislature and a range of initiatives to encourage non-statist solutions to economic problems;

-- Peru, where the Institute for Liberty and Democracy, with CIPE support, is promoting the economic rights and political participation of the small entrepreneurs who make up the vast informal sector;

-- Dominica, where NRI and the Committee for Progress in Democracy are promoting democratic education of youth;

-- Uruguay, where the NDI and the NRI are engaged in a joint project of civic education and technical assistance with the two major Uruguayan political parties -- the Blancos and the Colorados -- through their respective party foundations.

Opening Closed Societies

One of the most challenging goals of the Endowment is to encourage a process of opening closed societies where independent institutions are prohibited or severely restricted. Here, the immediate objective is to enlarge whatever possibilities exist for independent thought, expression, and cultural activity. This can be accomplished by supporting efforts to further the freer flow of information to and from the people of such countries, by making available outside sources of information and ideas and by assisting in the publication and dissemination of independent scholarly or artistic works produced within. A panel of experts convened in December to review Endowment programs in Eastern Europe and the Soviet Union concluded that our work is as significant today as was the founding of Radio Free Europe and Radio Liberty in the 1950s.

Among the countries where the Endowment is working to "open" closed societies are:

-- Poland, where support is being given to Solidarity, to the Committee for Independent Culture, and to other groups struggling within the framework of a totalitarian system to establish the independent institutions of civil society;

-- Czechoslovakia, where support is being provided to strengthen the independent cultural and intellectual movement symbolized by Charter 77;

-- the Soviet Union, where the Endowment, taking advantage of the communications revolution that is affecting the closed societies of the entire Soviet bloc, is promoting the free flow of information and ideas, religious freedom, and respect for human rights;

-- China, where the magazine The Chinese Intellectual has established a bridge between the reformers and the democratic world;

-- Cuba, where those struggling for human rights are now receiving the solidarity of a broad international coalition of committees organized by Armando Valladares, the distinguished Cuban poet and former prisoner of conscience.

Countries in Crisis: Sustaining Democratic Possibilities

Perhaps the most difficult area of all is the Endowment's efforts to sustain democratic possibilities in countries wracked by conflict and violence. Here the goal is to strengthen the possibility of democracy as a solution to pressing problems, and to support those who are working to build a commitment to democratic values and goals. Whether democracy is seen as an alternative to violent conflict or the kind of system that must be built once the violence subsides, the objective is to assert the relevance of democracy in a variety of different and critical situations. These include:

-- South Africa, where support is being given to lawyers, business groups, journalists, church leaders and community groups working for human rights and for the peaceful dismantling of apartheid;

-- Afghanistan, where the Cultural Council of the Afghan Resistance has launched a massive education program, including the preparation of sixty textbooks, opening thirty educational centers inside Afghanistan, and training Afghans in the use of minicameras to provide a visual record of the war;

-- Northern Ireland, where NDI is helping the efforts of the Social Democratic and Labour Party to find a peaceful and democratic solution to the communal conflict;

-- Nicaragua, where the Endowment has supported the CUS labor federation, the newspaper La Prensa, and others within the non-violent democratic civic opposition.

In carrying out this broad, bold program, the Endowment and its grantees have been guided by three principles: openness, responsiveness, and consistency. These principles answer questions that some have had about Endowment procedures, and they help define a coherent operating philosophy in a range of diverse, often sensitive political situations.

The issue of openness raises difficult questions. Some of the most worthy and needy democratic groups in the world must function within closed or authoritarian political systems where governments strongly oppose the kind of support provided by the Endowment. Some, like Solidarity in Poland, are not legal organizations but maintain a perilous underground existence.

Such situations present genuine dilemmas which the Endowment has had to grapple with during its start-up phase. Not surprisingly, it was decided that the Endowment _must_ be open in its policies and procedures, with all grants being a matter of public record. This was what Congress expected and desired, and it was also how the Endowment Board interpreted its mission, which is to be open and forthright in support of democratic forces.

In reality, this policy protects grantees because they enter into a grant relationship openly. The choice is theirs to make, and rightly so, because they know the risks and must live with the consequences.

The second principle that characterizes Endowment grantmaking policy is responsiveness. The Endowment does not seek to fashion solutions to problems in far off countries, or to impose programs developed in the U.S. on foreign democratic groups, but rather to respond to their initiatives and requests for assistance. At the same time, the Endowment is not a passive funding source. Inevitably, the relationship between the American and foreign groups is marked by dialogue, cooperation, counsel, technical assistance and other forms of active support. The Endowment and its U.S. grantees also have to make judgments regarding the democratic credentials of foreign applicants, their track record and capabilities, and the quality of their program and whether it seems likely to encourage or strengthen the democratic prospect in the country in question.

With that said, however, the Endowment's approach is to encourage the indigenous democratic groups to define their needs and set forth their priorities and goals. This approach is based on the view that internally generated change is far preferable to change that is artificially imposed from the outside. Democratic assistance should seek to encourage positive trends, but it cannot create them. If it is properly responsive and supportive, the change it engenders will be more meaningful, more lasting, less costly, and less open to the charge of interference than more ambitious programs to "export democracy."

The last principle is consistency. A program of support for democratic pluralism cannot indulge in political bias but must pursue a consistently democratic course irrespective of the ideological character of particular regimes. Naturally, this entails support for democratic trends and groups within systems that are leftist and rightist -- in Cuba as well as in Chile, in Poland and Nicaragua as well as in South Africa and Paraguay.

This does not mean, however, that programs are designed according to some artificial parallelism, with identical projects being supported in very different circumstances. On the contrary, programs are tailored to specific conditions and differing levels of democratic development and opportunity. A country undergoing democratic transition requires an entirely different approach from one where a transition has not yet begun. A country that is not democratic but is sufficiently open to permit the existence of independent social and economic institutions calls for a range of initiatives that would not be possible in a closed society, where a very different kind of activity is needed. What is crucial is that each effort be calculated to foster democratic developments that are relevant to each circumstance, whether they be consolidating democratic gains, or stimulating a democratic transition, or nurturing democratic and independent forms of expression.

Mr. Chairman, the Endowment has launched a bold, imaginative program of vast scope. We believe profoundly in its importance both to the future of our own country and the future of democracy in the world.

You are aware that the Administration's budget contains a request for a $10 million increase for the Endowment -- from $15 million to $25 million. The requested figure is less than four-fifths of the $31.3 million that Congress authorized when the Endowment was in its start-up phase.

Because the Endowment had the bad fortune to come along precisely when budgets became so tight, we never had the chance to reach our potential or even to come close to the approved start-up figure. The highest appropriation was in FY 85, $18.5 million, when we were prohibited from funding the National Democratic and Republican Institutes for International Affairs. Both are happily now eligible for funding, but the appropriation has been reduced to $15 million. This has caused a tremendous strain on our resources, stymied the development of new initiatives, and forced the abandonment of important programs. The Administration's request is simply a modest attempt to put the program on a sound foundation.

I believe that this is important not only for the Endowment, but for the country. In creating the Endowment, the United States raised the hopes of brave democrats in the Third World -- and in the communist world as well -- that our country was about to make an important new commitment to the democratic cause. A failure to provide the resources needed to support this effort in even a minimal fashion undermines this hopeful message and casts doubt on the seriousness of U.S. resolve to help our democratic friends abroad.

Moreover, the Endowment is one of the most cost effective programs imaginable. The dedicated people who receive our support, whether they are fighting for racial justice in South Africa or intellectual and trade union freedom in Poland, make the most out of whatever limited help we can offer. Would that it were more.

I am convinced that if we had had such a program underway in Nicaragua during the decades preceeding 1979, there would have been a viable democratic alternative to Somoza. Think of how much we could have saved ourselves -- in money and in grief -- if we had pursued the path of timely democratic commitment instead of neglect and complacency. The conclusion of Shirley Christian's careful study of the Nicaraguan revolution is relevant here: "Only by promoting democratic political development on a long-term basis can the United States hope to avoid the hard choices between sending troops and accepting a regime that overtly opposes its interests." We cannot guarantee that a sustained program of democratic political development will avoid future Nicaraguas. But I feel confident in saying that the likelihood of similar setbacks in the future is greater if we leave the job of political development entirely to those who are devoutly opposed to democracy.

Mr. Chairman, you are, no doubt, aware of the story that appeared last month in The New York Times which alleged that the Endowment was the "public arm" of a covert program called "Project Democracy." We are delighted that The New York Times, in a rare retraction, has recognized that there is no such link, even if this correction followed by more than two weeks the Tower Commission's unequivocal statement to that effect.

The original Times story created great confusion here and abroad. We are trying to repair the damage that was done. As we do so, we should not overlook the real lesson here -- that the Endowment is the right way to undertake a program of democratic assistance. In its openness, its commitment to bipartisanship, and its consistent and responsive support for our democratic friends, it shines by contrast with other efforts that employed very different methods but paraded under a similar name. The so-called "Project Democracy" controversy underlines the need to redouble our commitment to a sound program which uses means appropriate to the democratic ends it seeks to promote.

Mr. Chairman, for your information, I would like to submit for the Record some documents on this controversy, including a column by Vice President Mondale and Frank Fahrenkopf and the recent Times editorial which attempts to set the record straight.

In a world of advanced communications and exploding knowledge, it is no longer possible to rely solely on force to promote stability and defend the national security. Persuasion is increasingly important, and the United States must enhance its capacity to persuade by developing techniques for reaching people at many different levels. The importance of communications and political competition is further enhanced by the circumstance of global nuclear stalemate that characterizes world politics in the contemporary era.

Though the U.S. has only recently begun to appreciate the importance of ideas in world politics, it is in an excellent position to benefit from a period of enhanced political competition. The democratic idea is increasingly attractive at a time when communism, as Leszek Kolakowski has pointed out, "has lost its ability to mobilize culturally active forces." And as the tumultuous era of decolonization recedes in the Third World, along with the ideological radicalism that accompanied it, there is a new receptiveness to Western democratic values.

The challenge for the United States is to reach out in a spirit of cooperation and respect to different cultures, and to do so with a readiness to work over time to encourage democratic development. Though the resources that will be needed for this effort are modest, we will richly benefit from the investment if, in fact, the climate of opinion and the vitality of cultural and political forces have any impact on history. Simply to state the issue in these terms indicates why we have no choice but to make the effort.

[The New York Times, Friday, Mar. 13, 1987]

THE GOOD PROJECT DEMOCRACY

Lieut. Col. Oliver North borrowed the name of an overt, Congressionally mandated project to bless his own covert activities and thus created a good deal of confusion. In messages about his Iran-contra operations, he repeatedly boasted of their connection to "Project Democracy" or "Prodem," his grandiose term for the privatized war games in Central America. That is also the term used to describe the National Endowment for Democracy, a constructive public initiative to help democratic institutions abroad through private, non-governmental efforts.

What's the link between these Prodems? None, according to the Tower board, which could find no information connecting the covert "Project Democracy" to the above-board Endowment. That finding, alas, can be found only in a footnote.

The confusion has deepened because of similar roots. The so-called Reagan Doctrine, calling for providing aid to anti-Communist guerrilla movements, helped inspire both the Endowment and the covert crusade. Meantime, the confusion has widened because a right-wing outfit calling itself the National Endowment for the Preservation of Liberty is headed by one of Oliver North's chums. Thus language is debased and useful purposes tarnished, to the dismay of serious proponents of open assistance to democratic forces abroad.

The Soviet Union has long provided backstage aid to foreign comrades, and West German political parties have openly helped their third-world counterparts. Created by Congress in 1983, the bona fide National Endowment for Democracy disburses U.S. grants to parties, newspapers, trade unionists and schools around the world. Money flows to four "core grantees": a trade union institute, a unit of the Chamber of Commerce and institutes managed by Republican and Democratic parties. That some foolish grants have slipped through is less noteworthy than the general success of the venture.

The endowment was meant to bury the bad old practice of using the C.I.A. to channel unaccounted-for funds to undisclosed recipients in the name of freedom. The lamentable result of the North confusions is to re-ignite suspicions of sinister American manipulation. The new White House staff can promptly put Project Democracy back on its proper tracks so that there is no confusion about its purposes and activities. What's in a name? Credibility, and this is one form of it well worth restoring.

[The New York Times, Monday, Feb. 23, 1987]

AN INNOCENT VICTIM OF THE IRAN SCANDAL

By Walter F. Mondale
and Frank J. Fahrenkopf Jr.

WASHINGTON — Because so much remains unknown about the Iran-contra scandal, information frequently comes out in the form of revelations that may contain only part of the truth and can be badly misleading. If we are not careful, many good and innocent people doing very worthwhile things could be harmed.

A case in point is the recent disclosure that the White House, under the direction of Lieut. Col. Oliver L. North, was carrying out secret activities under something called Project Democracy. According to the report, the project's "public arm" is the National Endowment for Democracy, a private, bipartisan organization established to strengthen democratic institutions in the world.

The allegation that the Endowment has any relationship whatsoever to Colonel North's activities, whatever they were, is entirely unfounded. Even the suggestion that the Endowment is an "arm" of Project Democracy is wrong and clearly at odds with legislative history.

In early 1983, Congress was presented with two separate legislative proposals to foster democratic political and social institutions abroad. The first was Project Democracy, an Administration request for $65 million to fund a range of programs through the United States Information Agency, the Agency for International Development and the State Department. The second proposal was to authorize funding for the National Endowment for Democracy.

The Endowment idea was inspired by the success that private foundations associated with West Germany's political parties have had in strengthening democratic institutions in the developing world. As envisioned, the Endowment would be a private, nonprofit entity that would openly fund democracy-building programs carried out by institutes associated with labor, business, our two major political parties and other private-sector organizations.

Believing that the work of promoting democracy could most effectively be carried out by the private sector, Congress authorized funding for the Endowment and not the package of programs called Project Democracy. This approach gained the Administration's full support.

This history is important because it shows that from the very beginning Congress placed a high value on the private, bipartisan character of the Endowment and its independence from the current or any future Administration.

Under the leadership of a broadly representative board of distinguished Americans, the Endowment has made great progress. It has developed strong oversight procedures pertaining to the selection, monitoring and evaluation of all grants. It reports fully to Congress on its activities and, as required by statute, keeps the State Department informed as well. The commitment to openness has always been fundamental to the concept and actual operation of the Endowment.

In all cases, the Endowment has been responsive to the democratic needs and initiatives of its partners abroad, in the belief that internally generated change is preferable to change that is artificially imposed from the outside.

The Endowment's work covers a wide range of countries. In the Philippines, Haiti, Taiwan, Guatemala, South Korea, Chile and Paraguay, its programs have supported or are helping to stimulate a process of democratic transition. In developing democracies such as Argentina, Peru and Colombia, as well as in the Caribbean and Central America, it provides aid to groups seeking to consolidate democratic institutions and procedures and to strengthen the commitment to democratic values.

The Endowment is also engaged in the difficult job of encouraging pluralist trends in the closed societies of the Communist world. Even in societies wracked by conflict, such as South Africa, Afghanistan, Northern Ireland and Nicaragua, it supports those who are working peacefully to sustain democratic possibilities and values.

The present controversy only heightens the importance of such open support for our friends abroad. We must not allow totally unrelated activities alleged to have been carried out under the rubric of an otherwise defunct "Project Democracy" to discredit the efforts of the National Endowment for Democracy. □

RESPONSES OF USIA AND BIB TO QUESTIONS ASKED BY THE COMMITTEE

DELAYING RADIO MODERNIZATION

Q: THE RADIO CONSTRUCTION REQUEST FOR FY-1988 IS $44 MILLION HIGHER THAN THE AMOUNT PROVIDED DURING THE CURRENT FISCAL YEAR. EIGHTY-SEVEN PERCENT OF THIS REQUEST WILL BE USED TO INITIATE ANTENNA SUBSYSTEMS AND GENERAL CONSTRUCTION CONTRACTS FOR THE FOUR BROADCASTING STATIONS IN BOTSWANA, MOROCCO, SRI LANKA, AND THAILAND. IS THERE ANY PARTICULAR URGENCY TO THESE EFFORTS? WHAT WOULD BE THE EFFECT OF DELAYING CONSTRUCTION?

A: About 60 percent of VOA's FY-198 Radio Construction budget request of $90 million will be used to initiate antenna subsystems and general construction contracts for the four referenced projects. Antenna subsystems and general construction contracts for these projects must be initiated in FY-1988 in order to maintain continuity in the overall project. Failure to maintain such continuity will result in significant engineering, facilities construction, and electronic equipment acquisition and installation cost increases and will delay construction and on-air dates of these projects.

Any delay in the project implementation process will force VOA to terminate or modify other on-going implementation contracts, which will in turn result in additional cost increases. Such delays will severely limit VOA's capability to carry out national policy.

RADIO MARTI PROGRAM LISTENERSHIP

Q: WHAT IS YOUR ESTIMATED LISTENERSHIP OF RADIO BROADCASTING TO CUBA PROGRAMS? ARE THE NUMBER OF LISTENERS INCREASING OR DECREASING?

A: The Radio Marti Program of the Voice of America has been extremely successful and has gained an audience in Cuba estimated to exceed two million listeners. The number of listeners is increasing. Research into the audience of Radio Marti shows that Radio Marti is the most popular radio station in Cuba. As of March 24, 1987, Radio Marti had interviewed 623 Cubans who had migrated after the station went on the air. Of these, 95% said they listened to Radio Marti while in Cuba. Listenership to other stations such as Radio Progreso, Cuba's most popular domestic station, is declining. There are currently approximately three Radio Marti listeners to every one Radio Progreso listener.

The average time spent listening to Radio Marti is increasing. When Radio Marti first went on the air in May 1985, over half its audiences were daily listeners. A year later (March-July 1986), 82% listened on a daily basis. This indicates that listener loyalty is growing and Radio Marti is increasingly viewed as a valuable, daily source of information and entertainment.

CULTURAL EXCHANGES WITH THE SOVIET UNION

Q: YOU HAVE REQUESTED $2.5 MILLION FOR EXHIBITIONS IN CONNECTION WITH THE RECENT CULTURAL ACCORDS SIGNED WITH THE SOVIET UNION. CAN YOU TELL US MORE ABOUT THE TYPES OF ACTIVITIES YOU HAVE PLANNED?

A: This request will provide for space rental, staff salaries, costs for exhibit guides and other operating expenses. The "Information USA" exhibition, while opening in Moscow in June, 1987, will have the following schedule in FY-88:

Kiev	Aug. 12 - Sept. 12, 1987
Rostov-on-Don	Oct. 12 - Nov. 14, 1987
Tbilisi	Dec. 15 - Jan. 17, 1988
Tashkent	Feb. 25 - Mar. 27, 1988
Irkutsk	May 6 - June 6, 1988
7th City TBA	July 15 - Aug. 15, 1988
8th City TBA	Opens Sept. 26, 1988
9th City TBA	Nov. 29 - Dec. 31, 1988

Included in this request is $1.6 million which will be necessary for start-up costs for an exhibition under the new program agreement which will cover the period January 1, 1989 through December 31, 1991. The estimate proposed for 1988 will be for research, design development and exhibit fabrication.

UNOBLIGATED FUNDS

Q: USIA HAS EXPERIENCED GREAT DIFFICULTY IN FULLY UTILIZING THE FUNDS ALREADY APPROPRIATED FOR RADIO TRANSMISSION FACILITIES. AT THE END OF FISCAL YEAR 1986, USIA CARRIED OVER $142 MILLION IN UNOBLIGATED FUNDS FOR THIS PURPOSE. IN VIEW OF THE VERY HIGH LEVEL OF UNOBLIGATED FUNDS, WHY IS USIA ASKING FOR ANOTHER INCREASE IN FUNDING FOR THE TRANSMISSION FACILITIES?

A: The FY-1986 unobligated carryover balance of $142.1 million supplements the FY 1987 Radio Construction appropriation of $66 million, for a total FY-1987 availability of $208.1 million. FY 1987 funding of $188.1 million is anticipated to be obligated by the end of the fiscal year, with $20 million remaining unencumbered for contingent lease termination expenses in the Federal Republic of Germany. Available funds will be obligated primarily for the new sites in Botswana, Morocco, Thailand, and Sri Lanka for three major purposes. First, the Architectural and Engineering (A & E) contracts for site specific station design will be awarded. Second, arrangements will be made with the in-country authorities for provision of commercial power and other utilities to the stations. Third, contract for the RF subsystem (transmitters, switch bay, dummy loads, baluns, and coax-interconnection) will be awarded. This latter contract will be multi-year funded. These activities, along with the myriad of supporting efforts, will place significant demands for the FY 1988 follow-on funding.

The $90 million FY 1988 request is necessary to continue the efforts already initiated in prior years. The major purposes for which these funds are essential are the funding of multi-year contracts already awarded, the initiation of civil works construction at the new sites, and the award of the multi-year, multi-site contract for antennas and transmission lines.

AVAILABILITY OF SHORTWAVE RADIOS

Q: VOICE OF AMERICA IS BROADCAST ON SHORTWAVE FREQUENCIES IN MOST REGIONS. CAN USIA CITE THE NUMBER OF RADIO SETS MANUFACTURED EACH YEAR THAT ARE CAPABLE OF RECEIVING SHORTWAVE TRANSMISSIONS?

A: A thorough worldwide survey and projection to the year 2000 was made during 1986 on the current and projected availability of radio receivers of all types. This survey included an assessment of the number of existing radio receivers and the expected number of new receivers to be manufactured until 2000.

As of 1985, the estimated number of receivers with shortwave reception capability in areas where the VOA broadcasts (not U.S. or Canada) was 520 million. The percentage of existing receivers with shortwave reception capability ranged by region from 87 percent in Eastern Europe to 29 percent in Western Europe. All other VOA broadcast regions (i.e., Africa, Middle East, Asia, South America, etc.) exhibited percentages between 59 and 73 percent. Projections based on demographic information, and various data collected during the survey, indicate little change in these percentages by 1990 and, as best as can be predicted, no significant change in the percentages for 2000.

The estimate of receiver sets manufactured during 1985 with shortwave reception capability in VOA broadcast regions (excluding the U.S. and Canada) was between 50 and 60 million. This can be interpreted, based on what was noted in the previous paragraph, as a constant percentage replacement market based on the overall number of radio receivers purchased in a region.

WORLDNET AUDIENCE

Q. USIA'S WORLDNET TELEVISION BROADCASTS TO EUROPEAN AUDIENCES CLAIM TO REACH 4 MILLION VIEWERS DAILY. SUPPORTING DOCUMENTATION PROVIDED THE COMMITTEE SHOWS THAT WORLDNET DAILY BROADCASTS REACH A POTENTIAL AUDIENCE OF 4 MILLION, IF ONE ASSUMES THAT EVERY SET IS TUNED TO WORLDNET. HAS USIA CONDUCTED A STUDY OF THE ACTUAL VIEWING AUDIENCES OF ITS WORLDNET BROADCASTS? IF NOT, WHY NOT?

A. It should be noted at the outset that WORLDNET consists of two different types of programs: the interactives, and the daily program services, and the method of calculating their effectiveness differs between them. Interactive programs reach their audience when entire interviews or portions of interviews are re-broadcast or written about in local TV, radio, or newspapers.

USIA keeps close tabs on the number of people actually reached by WORLDNET interactives. After every interactive program, each participating post carefully monitors the local media (television, radio, and press) to observe re-play of material from the broadcast and sends in detailed cables recounting overall media usage. These cables contain estimated audience figures, based on numbers provided by the local media organization or local research firms, for each example of media usage. These figures are then added up to arrive at the total number of people reached through a given interactive program.

The daily European service reaches its audience in three ways: through re-transmission over 96 cable systems in 14 countries, re-transmission through 8 over-the-air broadcasts, and through closed circuit usage in 121 hotels to a daily available audience of more than 4 million viewers. In each case, we know how many households are served by these different transmission mechanisms; thus we have a clear indication of the potential number of viewers for the daily programs.

With respect to ongoing research efforts, most European cable operations are small, understaffed organizations without the capability for extensive audience research; thus any full scale survey of the kind described would have to be conducted by the Agency itself. Some preliminary information, however, should be available to the Agency within the next 3 to 6 months, as a number of cable operators are starting to undertake rough viewer surveys that will give us a basic idea about who is actually watching WORLDNET and what they think of it.

A case in point is West German media entrepreneur Heiner Wehking, who translates WORLDNET at his own expense for replay on his nationwide "Eureka" satellite-to-cable system (reaching a potential audience of about 400,000 viewers at present.) Mr. Wehking plans to conduct a 3 month survey to get audience reactions to WORLDNET and will share the results with us.

The leading French cable company, Compagnie General des Eaux, is running WORLDNET on a trial basis in the small town of Cergy-Pointoise, and is planning to conduct a viewer survey at the end of several months to gauge audience reaction to WORLDNET and decide whether to place the program on the rest of the company's systems. In London, a leading cable company, Westminister Cable, is planning a similar viewer survey that will give us a more precise understanding on WORLDNET viewership in that city. In addition, USIA's Office of Research is working with us in conducting a survey of WORLNET viewers in the 121 European hotels that carry WORLDNET. This will give us an indication not only how many hotel guests are watching WORLDNET, but also the guests' personal profiles and how they react to the program.

Ultimately, we believe that a full scale, Europe-wide demographic survey of the actual WORLDNET audience would be quite valuable, but we believe it is too early for such a survey to be meaningful. We believe WORLNET needs more time to establish itself as a full-fledged competitor of the other leading satellite-to-cable broadcasters before we can expect to get survey results that accurately reflect the true potential for WORLDNET. In particular, we feel that WORLDNET needs to be established in its expanded, four-hours per day, broadcast phase, with the early-morning program, if it is to be fairly compared to its competitors. Given the high cost of surveys of this kind (upwards of half a million dollars), we would not want to commit ourselves until the timing is right.

Summary of International Reaction to
WORLDNET

I. Letters from U.S. Government Officials on WORLDNET:

-- President Reagan, 5-2-86: "The WORLDNET international satellite network...has given America an unprecedented, unqualified capacity to reach the minds and hearts of people around the globe."

-- Secretary of State George Shultz, 4-15-85: "Through EURONET, USIA is better able than ever to carry out its mandate to communicate abroad."

-- Secretary of Defense Caspar Weinberger, 4-9-86: "The WORLDNET system is an excellent way of exchanging information and ideas with journalists and opinion makers around the world on issues of international importance."

-- Former Secretary of the Treasury Donald T. Regan, 3-9-84: "EURONET represents a breakthrough in government use of modern technological developments and the efficient use of time in reaching international audiences."

-- Secretary of Commerce Malcolm Baldrige, 3-1-85: [The WORLDNET program] was extremely useful...the attendent publicity in three countries also served to heighten the awareness of, and interest in, the CBI beyond the audience which usually saw the broadcast itself."

-- U.S. Trade Representative Clayton Yeutter, 11-12-86: "AMNET is a great idea, and I hope it flourishes for many years to come...the coverage was terrific."

-- FCC Chairman Mark Fowler, 7-8-86: "It is interesting and useful to hear first hand the interests of other nations in our actions."

-- AID Administrator M. Peter McPherson, 4-10-84: "The availability of your new satellite capacity...will, I am sure, prove to be a valuable resource to the entire U.S. foreign affairs community."

-- Diana Lady Dougan, Coordinator of International Communications, State Dept: "...during my last visit to Europe, I heard rave reviews from both our embassies and host government officials concerning this innovative effort in public diplomacy."

-- White House Director of Private Sector Initiatives Fred J. Ryan, Jr., 2-19-87: [WORLDNET is] a great vehicle to share our private sector initiatives success stories with our frineds across the seas.

-- U.S. Chief Arms Control Negotiator Max Kampelman: "I like doing WORLDNET because I get instant media reaction."

-- U.S. Arms Control Negotiator Ed Rowny, 2-29-84: "WORLDNET helped me communicate effectively with a large number of European journalists while being very conservative of my time and efforts. It is a very effective communications link."

-- U.S. Arms Control Negotiator Paul Nitze, 3-14-85: "I know of no more effective way for our policy spokesmen to reach foreign media and opinion leaders in this important effort [arms control] than by timely WORLDNET programs."

-- Director of the Strategic Defense Initiative Organization Lt. Gen. James Abrahamson, 6-17-85: "So much good has resulted from our joint WORLDNET program in May...It was most helpful to me to be able to respond to questions from 13 different journalists in these countries with a minimal investment of time and absolutely no overseas travel."

II. Reactions to WORLDNET from Other Prominent Opinion Leaders

-- Journalist Tad Szulc, 1-7-87: "I think WORLDNET has an extraordinary potential...You and I may differ about politics, but I believe you are performing an extraordinary service for the U.S. in encouraging such openness and candor. Credibility is the most powerful weapon we have going for us, and I am happy to see USIA under you wielding it so effectively."

-- Henry A. Kissinger, 3-2-84: "I am impressed by the WORLDNET television program, and based on my experience, I am enthusiastic about this dramatic new device to reach people abroad in the most effective manner possible."

-- PBS President Bruce Christiansen, 6-14-85: "You have accomplished the extraordinary feat of moving USIA into the video age with your WORLDNET activities."

-- Journalist Marvin Kalb, 5-20-86: "Whenever there is controversial policy, WORLDNET springs into action...So we are certainly trying, as a government, to use technology to get our point of view across and to fight the Soviet point of view. Likewise, they're trying to do the same thing. To the degree that that interchange leads to a greater public understanding and awareness and therefore a more intelligent citizenry, then we've done God's work and we're okay."

-- Former US Ambassador to the UN Jeane Kirkpatrick, 7-22-86: "There is no better way to understand the U.S. than to explain it to people directly."

-- A Senior Official of Britain's Independent Broadcasting Authority, 4-10-85: "Even Rupert Murdoch's Sky Channel with a few hundred thousand viewers in the United Kingdom cannot compare with the potential impact of WORLDNET's reach and availability."

-- Nigerian Minister of Agriculture Lt.Gen. A.K. Akinrinade, 9-17-86: "[WORLDNET is] one of the best things to happen to U.S.-Nigerian relations in a long time."

III. International Media Reaction to WORLDNET

-- A reporter from the British ITN network: "This is exactly what WORLDNET is for, we got the final word, straight from the top, just at the right time."

-- Western World, a Belgian newsletter, editorialized: "In the long run, this communications link-up between Western Europe and the U.S. may prove more important to the Alliance than the 'coupling' of the defense of the two continents by stationing of the American Pershing II and cruise missiles in Europe."

-- In Italy, a commentator on Rome's left of center GR-1 radio: "This immense willingness to participate in debate even from the highest levels [of the U.S. Government]...is the guarantee of public control over political decisions (which is typical) of American democracy."

-- Philippine columnist Teodor Valencia of the Daily Express: "WORLDNET permits world leaders to meet the international press on instant notice to explain earth-shaking world developments...it is a spectacular show."

-- The West German daily Sueddeutsche Zietung: "The fact that the rapidly expanding cable-TV companies in West Europe are using the programs is, in the final analysis, of more importance [than the interest of journalists in participating in interactives]."

-- Indonesia's leading daily paper, Kopas: "The image of America has been enhanced not only because of its position as the initiator and the first class user of the program), but because of its success in spreading its political ideas."

-- The Guardian of London: "EURONET is itself an expression of the importance the U.S. Government places on direct communication with Europeans."

-- The Wall Street Journal, international edition: "...putting American officials directly before European questioners and audiences is bound to increase the understanding of all concerned."

-- Il Tempo, a major daily in Rome: "EURONET allows European public opinion to participate directly in the great decisions of international politics."

-- Asahi Broadcasting Corp. of Japan: "Seeing high-ranking U.S. Government officials illustrates the U.S. Government's requirement to be involved in global issues..."

-- The left-wing Italian daily Manifesto: "One doesn't have to go to Washington to enter into contact with the principal representatives of the Administration."

-- In the U.S., the National Review editorialized in an article on WORLDNET: "Is it any longer possible to control broadcasting in an era of global communications? Good. Let the frontiers fall."

-- Le Monde of Paris: "WORLDNET Starts a Crusade...the Americans, feeling that they are often misunderstood, are determined to revolutionize traditional methods of international diplomacy to provide a better explanation of their policies."

IV. Overseas Audience Reaction to WORLDNET:

-- I am very glad to be able to watch a news programme that gives a global view of the events and the facts of the world; a news programme which goes beyond the borders of a country and gives notice also of events which are not reported by the national news programme.

--Giuseppe Dasara
Latina, Italy

-- I'm grateful to USIA for giving us here in Europe a chance to be part of the American life and news coverage. WORLDNET is a great link between the United States of America and Europe.

--Jukka Porola
Tampere, Finland

-- I suppose one day, British TV will achieve the high standards set by WORLDNET, possibly! But until that day, I will continue to watch American TV when ever possible.

--Andrew Peckett
Swindon, England

-- I watch WORLDNET because the programs stimulate one's general knowledge and provide me with a foreign view on various matters. I think that its news reports are factual and undistorted.

--Joachim Sandstrom
Lund, Sweden

-- We watch WORLDNET regularly. It's very useful for our English lessons and we get a lot of information from the USA first hand.

--Jim & Peter Van de Wege
Schilde, Belgium

-- My wife and I watch America Today after having seen the BBC and ITV morning news and consider it a much more comprehensive programme.

--W.H. Warren
Eastbourne, England

-- I immensely enjoy receiving US news directly. I am profoundly impressed with the ease and knowledge of the programs which are not distorted or unilaterally selected as is the news in our national media.

--Boris M. Andreewitch,
M.D.
Bromma, Sweden

-- I try to watch your daily programs as often as I can. Your reports about life and developments in the USA and in the world are very interesting.

--Richard Losert
Munich, West Germany

-- I like all WORLDNET programming, which gives us up-to-date information from your country. We in Holland are interested in all that's going on in America. We can read it in our newspapers but then we do not know how much information is really up-to-date.

--Patty van der Meer
Zwijndrecht, Netherlands

-- You are what television will surely be tomorrow, when satellite programmes cover the world.

--Stefano Salomone
Rome, Italy

-- Serious programmes of American perspective have been badly needed in Europe for quite a long time and your WORLDNET service fills that void most admirably.

a musician
--Merk, Luxembourg

-- Your program is a vital link with the U.S.

Roland Fischer
Spain

-- WORLDNET is for me the only way to have a direct glance at your country.

Raymond Petit
Liege, Belgium

V . On WORLDNET in general:

-- USIS Brussels: "WORLDNET has already proven itself to be an essential tool, vital to the overall public diplomacy which supports the conduct of our foreign policy."

-- USIS Caracas: "WORLDNET has provided valuable direct exchange of ideas between prominent Venezuelan personalities and USG policy-makers."

-- USIS Copenhagen: "WORLDNET has enabled us to do things that were not feasible previously, both in terms of reaching individual leading opinion makers and broadening our mass audience."

-- USIS The Hague: "WORLDNET, after meeting with considerable initial skepticism among the highly suspicious Dutch press corps, is now accepted as a legitimate source of information and has contributed to the USG's over-all ability to communicate with Dutch journalists."

-- USIS Stockholm: "WORLDNET is one of this mission's most valuavle communication tools..."

-- USIS Bonn: "The introduction of WORLDNET has made modern communications technology the handmaiden of public diplomacy...and brought Germans a clearer, brighter picture of the United States and its policies."

VI . On Specific WORLDNET Programs:

-- USIS Amman: "...the program did exactly what WORLDNET is designed to do, attract high-level participants to interact with leading experts in the U.S. nd achieve wide TV and press coverage..."

-- USIS Sydney: "...the program added confirmation to the U.S. Administration's already declared commitment to the U.S.-Australian alliance."

-- USIS Oslo: "Lt.Gen. James Abrahamson's WORLDNET program on the Strategic Defense Initiative drew a high-level, attentive audience of 57 drawn from government, Parliament, political parties, labour, media, youth groups, defense think tanks, and academia...the enthusiasm expressed here today augers well for future interactives of this type."

-- USIS Madagascar: "WORLDNET is an excellent way to get U.S. policy and information on the air in Madagascar...local participation gives the entire presentation far more credibility than a pre-recorded program."

-- USIS Rome: "100 people packed the American library's conference room...numerous dignitaries were in attendence including a Supreme Court Justice, two Foreign Ministry Under Secretaries, a Member of Parliament, and the Dean of Rome's Space Engineering School..."

-- USIS Beijing: "The special election night coverage was an extraordinary opportunity to reach Chinese audiences with the powerful message of democracy in action."

-- USIS Geneva: "Ambassador Nitze's [WORLDNET] program on arms control...projected the image of a U.S. negotiating team dedicated to finding a way out of the nuclear morass."

-- USIS Madagascar: "The program showed, post-election, Americans of both parties and all backgrounds close ranks behind the system, if not the man himself. This was a valuable lesson where constructive opposition is not always the rule."

-- USIS Niamey: "Nigerian President Kountche told the post that McPherson 'had provided answers that Africa needed to hear.'"

-- USIS Dakar: "WORLDNET's broadcast of the Reagan-Mondale debate served to dramatize the vast potential of the WORLDNET concept by presenting a world class media event in French version immediately after it took place."

-- USIS Manama: [WORLDNET broadcast of the Presidential debate was an] opportunity for Bahrainis to experience this high-point in our democratic practice through satellite technology rather than reading about it way after the fact..."

-- USIS San Jose: "Costa Rican Foreign Minister Carlos Jose Gutierrez commented that direct reception in Spanish of the President's address allowed the audience to more clearly understand the current and future orientation of U.S. foreign policy."

-- USIS Nairobi: "...the broadcast demonstrated the open nature of our society, our support for the free flow of information, and our interest in Africa."

-- USIS Tel Aviv: "the program [WORLDNET on the artificial heart program] was a resounding technical and programmatic triumph...which convincingly demonstrated the capability of WORLDNET to attract large, professional and enthusiastic audiences..."

WORLDNET COMPETITION

Q: PLEASE PROVIDE THE COMMITTEE WITH SPECIFIC INFORMATION ON THE CABLE SYSTEMS WHICH CARRY WORLDNET, INCLUDING THE TIMES OF WORLDNET BROADCASTS, THE NUMBER OF PROGRAMS AVAILABLE AT THAT TIME, AND AN IDENTIFICATION OF THE MOST POPULAR COMPETING PROGRAMS.

A: As of January, 1987 there were 96 cable systems in 11 European countries that carry WORLDNET broadcasts. The cable systems are listed under the country headings on the attached sheet. The "How Used" column reflects L's which mean the broadcast airs "live" at 1400 CET; and D's (delayed broadcasts) where the English version is broadcast in Germany at 1800 GMT and rebroadcast at 2200 GMT. As to the number of programs available at the time of broadcast, we do not have the information available at the present time. However, we have commissioned a study with CIT Research in London and should have the results of this research within the next month. We will provide further information when it is available. There is no data available anywhere at this time as to the most popular competing programs.

WORLDNET SYSTEMS USAGE UPDATE - 1/29/87

CABLE TELEVISION	CLOSED CIRCUIT TELEVISION	BROADCAST TELEVISION (Regularly Scheduled)
COUNTRIES: 11	COUNTRIES: 11	COUNTRIES: 5
SYSTEMS: 96	HOTELS: 121	SYSTEMS: 8
SUBSCRIBERS: 1, 073,889	ROOMS: 25,174	POTENTIAL VIEWERS: 3,249,000

- -

L - Live, D - Delayed, R - Repeat

CABLE TELEVISION

CATV SYSTEMS	LOCATION	SUBSCRIBERS	HOW REC'D	HOW USED	AMOUNT USED
UNITED KINGDOM (10)					
Aberdeen Cable Services	Aberdeen	3,000	WN	L/D/R	2 Hours
Clyde Cablevision	Glasgow	4,000	WN	L/D/R	2 Hours
Croydon Cable Television	Surrey	2,000	WN	L/D/R	2 Hours
Coventry Cable	Coventry	2,300	WN	L/D/R	2 Hours
Swindon Cable	Swindon	12,000	WN	L/D/R	2 Hours
Westminister Cable Television	London	1,800	WN	L/D/R	2 Hours
Windsor Cable Televison	London	800	WN	L/D/R	2 Hours
Greenwich Cablevision	London	2,500	WN	L/D/R	2 Hours
Ealing Cable	London	1,000	WN	L/D/R	2 Hours
Houghton, Reigis & Dunstable	Bedfordshire	205	WN	L/D/R	2 Hours
		29,605			
BELGIUM (2)					
Ale Teledis Cable	Liege	210,000	WN	L	2 Hours
Coditel Cable	Liege	100,000	WN	L	2 Hours
		310,000			

WORLDNET SYSTEMS USAGE UPDATE - 1/29/87

CATV SYSTEMS	LOCATION	SUBSCRIBERS	HOW REC'D	HOW USED	AMOUNT USED
LUXEMBOURG (4)					
Eltrona Interdiffusion S.A.	Luxembourg	36,500	WN	L	1 Hour
Diekirch Cable	Diekirch	2,600	WN	L	1 Hour
Antenne Collective Cable	Ettelbruck	2,000	WN	L	1 Hour
Coditel Cable Television	Luxembourg	27,000	WN	L	1 Hour
		67,500			
GERMANY (3)					
MPK TV White-Blue Channel	Munich	12,000	Videocation GMBH	D	1 Hour
AKK Cable Pilot Project	Ludwigshafen	42,000	Medi-Media	L/D/R	2 Hours - 1 Eng/1 Ger
PK Cable Pilot Project	Berlin	200,000	Medi-Media	D/R	2 Hours - 1 Eng/1 Ger Plus 1 hour AT weekends
		254,000			
FINLAND (5)					
Vaasa Cable	Vaasa	15,000	WN	L	2 Hours
Mariehamn Cable Television	Aaland Islands	5,000	WN	L	2 Hours
Tampere Cable Television	Tampere	17,000	WN	L	2 Hours
Jyvasviestinta Oy Cable	Jyvaskyla	2,000	WN	L	2 Hours
Kivenlahti Cable	Helsinki	350	WN	L	2 Hours
		39,350			
NORWAY (5)					
Stjoerdal Cable	Trondheim	1,700	USIS Oslo	D	1 Hour
Info Film & Video	Oslo	50,000	USIS Oslo	D	1 Hour
Kablenett	Oslo	7,000	USIS Oslo	D	1 Hour
Stavanger Cable	Stavanger	7,000	WN	L/D/R	1 Hour
Norwegian State Oil	No. Sea	500	WN	L/D/R	2 Hours
		66,200			

WORLDNET SYSTEMS USAGE UPDATE - 1/29/87

CATV SYSTEMS	LOCATION	SUBSCRIBERS	HOW REC'D	HOW USED	AMOUNT USED
SWEDEN (60)					
Are/Duved Telekontoret	Are/Duved	330	WN	L	2 Hours
Arvika Telekontoret	Arvika	187	WN	L	2 Hours
Boras Telekontoret	Boras	1,394	WN	L	2 Hours
Botkyrka Telekontoret	Botkyrka	5,369	WN	L	2 Hours
Bromolla Telekontoret	Bromolla	202	WN	L	2 Hours
Eskilstuna Telekontoret	Eskilstuna	737	WN	L	2 Hours
Falkoping Telekontoret	Falkoping	126	WN	L	2 Hours
Fritsala Telekontoret	Fritsala	334	WN	L	2 Hours
Gavle Telekontoret	Gavle	964	WN	L	2 Hours
Gnosjo Telekontoret	Gnosjo	209	WN	L	2 Hours
Goteborg Telekontoret	Goteborg	48,717	WN	L	2 Hours
Grimsas Telekontoret	Grimsas	327	WN	L	2 Hours
Halmstad Telekontoret	Halmstad	415	WN	L	2 Hours
Haninge Telekontoret	Haninge	2,213	WN	L	2 Hours
Harnosand Telekontoret	Harnosand	169	WN	L	2 Hours
Helsingborg Telekontoret	Helsingborg	3,334	WN	L	2 Hours
Huddinge Telekontoret	Huddinge	3,389	WN	L	2 Hours
Hudiksvall Telekontoret	Hudiksvall	20	WN	L	2 Hours
Husum Telekontoret	Husum	133	WN	L	2 Hours
Jonkoping Telekontoret	Jonkoping	4,553	WN	L	2 Hours
Kalmar Telekontoret	Kalmar	268	WN	L	2 Hours
Karlsborg Telekontoret	Karlsborg	150	WN	L	2 Hours
Karlstad Telekontoret	Karlstad	127	WN	L	2 Hours
Karlskrona Telekontoret	Karlskrona	550	WN	L	2 Hours
Kristianstad Telekontoret	Kristianstad	1,334	WN	L	2 Hours
Kristinehamn Telekontoret	Kristinehamn	302	WN	L	2 Hours
Kroppkarr Telekontoret	Kroppkarr	2,874	WN	L	2 Hours
Kungshamn/Smogen Telekontoret	Kungshamn	319	WN	L	2 Hours
Landskrona Telekontoret	Landskrona	3,671	WN	L	2 Hours
Lidkoping Telekontoret	Lidkoping	112	WN	L	2 Hours
Linkoping Telekontoret	Linkoping	95	WN	L	2 Hours
Lund Telekontoret	Lund	3,610	WN	L	2 Hours
Lysekil Telekontoret	Lysekil	32	WN	L	2 Hours
Malmo Telekontoret	Malmo	8,677	WN	L	2 Hours

WORLDNET SYSTEMS USAGE UPDATE - 1/29/87

CATV SYSTEMS	LOCATION	SUBSCRIBERS	HOW REC'D	HOW USED	AMOUNT USED
SWEDEN (Cont'd)					
Mariestad Telekontoret	Mariestad	21	WN	L	2 Hours
Mjolby Telekontoret	Myolby	724	WN	L	2 Hours
Motala Telekontoret	Motala	600	WN	L	2 Hours
Norrkoping Telekontoret	Norrkoping	123	WN	L	2 Hours
Orebro Telekontoret	Orebro	1,232	WN	L	2 Hours
Ornskoldsvik Telekontoret	Ornskoldsvik	1,901	WN	L	2 Hours
Oxelosund Telekontoret	Oxelosund	1,954	WN	L	2 Hours
Partille Telekontoret	Partille	340	WN	L	2 Hours
Salem Telekontoret	Salem	128	WN	L	2 Hours
Skelleftea Telekontoret	Skelleftea	315	WN	L	2 Hours
Skovde Telekontoret	Skovde	1,668	WN	L	2 Hours
Solleftea Telekontoret	Solleftea	332	WN	L	2 Hours
Sollentuna Telekontoret	Sollentuna	3,434	WN	L	2 Hours
Stockholm Telekontoret	Stockholm	5,596	WN	L	2 Hours
Sundsvall Telekontoret	Sundsvall	2,365	WN	L	2 Hours
Sodertalje Telekontoret	Sodertalje	135	WN	L	2 Hours
Taby Telekontoret	Taby	333	WN	L	2 Hours
Tranas Telekontoret	Tranas	49	WN	L	2 Hours
Trollhattan Telekontoret	Trollhattan	4,286	WN	L	2 Hours
Uddevalla Telekontoret	Uddevalla	1,281	WN	L	2 Hours
Umea Telekontoret	Umea	2,891	WN	L	2 Hours
Upplands/Vasby Telekontoret	Upplands/Vasby	8,342	WN	L	2 Hours
Uppsala Telekontoret	Uppsala	4,232	WN	L	2 Hours
Vanersborg Telekontoret	Vanersborg	474	WN	L	2 Hours
Vasteras Telekontoret	Vasteras	4,625	WN	L	2 Hours
Vaxjo Telekontoret	Vaxjo	562	WN	L	2 Hours
		142,734			

WORLDNET SYSTEMS USAGE UPDATE - 1/29/87

CATV SYSTEMS	LOCATION	SUBSCRIBERS	HOW REC'D	HOW USED	AMOUNT USED
ISRAEL (2)					
C Point Satellite	Haifa	1,000	WN	L	2 Hours
KAV HAD Cable	Netanya	17,000	WN	L	2 Hours
		18,000			
IRELAND (2)					
Cork Cable Network	Cork	25,000	WN	L	1 Hour
Limerick Cable	Limerick	12,000	WN	L	1 Hour
		37,000			
ICELAND (1)					
Station 2 Cable	Reykjavik	5,000	WN	L	1 Hour
NETHERLANDS (2)					
Dordrecht Cable	Dordrecht	63,000	WN	L	2 Hours
Apeldoorn Cable	Apeldoorn	41,500	WN	L	2 Hours
		104,500			

VISNEWS VS. WORLDNET

Q: VISNEWS, FORMERLY KNOWN AS UPI TELEVISION, SYNDICATES U.S. PRIVATE TELEVISION NEWS WORLDWIDE HOW DOES THE AUDIENCE REACHED BY WORLDNET COMPARE TO THE DAILY AUDIENCE FOR VISNEWS SYNDICATED TELEVISION BROADCASTS?

A. It is difficult to compare VISNEWS and WORLDNET because each provides a uniquely different service. WORLDNET is a full-scale package consisting of a regular daily program service of interactive teleconferences, news, feature, and cultural programs designed to provide an in-depth view of life in the United States. VISNEWS is a "service" which provides a video news clip feed -- via satellite -- to clients around the world. We do not have available information on the frequency which this raw news coverage is used worldwide.

WORLDNET is recognized throughout the world as a valuable source of information and excerpts from interactive programs reach tens of millions of viewers via re-broadcast by prestigious media organizations such as Britain's BBC, Germany's ZDF, Brazil's TV Globo, and Japan's NHK. These broadcasts are regularly seen in more than 80 countries around the world.

Because WORLDNET news programs have news value, important, pertinent segments are invariably broadcast on major prime time local electronic news and coverage and published prominently and widely. Thus, for a reasonable satellite transmission cost, these programs bring an enormous return on our investment. As with U.S. domestic news programs such as "Meet the Press" and "Face the Nation," the latest word on the vital issues of the day is immediately rebroadcast and published. Some foreign television stations even break into their evening newscasts to carry a WORLDNET interview live.

In sum, WORLDNET and VISNEWS are not in competition -- they are complimentary. WORLDNET programs are regularly picked up by Eurovision, World Television News, VISNEWS, and sent by satellite to their clients where they are excerpted by major networks expanding our reach around the world. Advanced communications technology has made it possible for such remote cities as Cairo, Colombo, Jakarta and Singapore and many others to benefit directly and instantaneously via television. The fact that a reputable syndicator such as VISNEWS would use our programming is evidence that we provide timely and interesting news and information.

PRIVATE NEWS BROADCAST VS. WORLDNET

Q: TO WHAT EXTENT IS USIA's WORLDNET INFORMATION SYSTEM DESIGNED TO COMPETE WITH PRIVATELY-SPONSORED NEWS GATHERING SYSTEMS? HAS USIA EVER CONDUCTED A STUDY OF THESE NON-U.S. GOVERNMENT TELEVISION SYSTEMS? CAN USIA CITE THE NUMBER OF FOREIGN TELEVISION NEWS

BUREAUS IN THE UNITED STATES? WOULD IT BE MORE COST-EFFECTIVE TO GIVE GREATER ASSISTANCE TO THESE NEWS BUREAUS RATHER THAN TRY TO BYPASS THEM THROUGH DIRECT BROADCASTS?

A: WORLDNET is not designed to compete with private news gathering systems, whether they be American or foreign. WORLDNET, like other USIA programs, is designed to facilitate communication that would not take place if the USIA did not exist and to provide information about the United States that is not conveyed through present commercial channels. While there is indeed substantial commercial international traffic in the television industry, the news coverage of the United States on foreign television stations and networks is often both limited and distorted. It is our hope that, by providing fuller, more in-depth coverage than is available through commercial sources, we will bring a more accurate picture of the United States to global television audiences.

The USIA has not done a formal "study" of "non-U.S. Government television systems", but we do keep thoroughly abreast -- through travel to industry conferences, trade publications, and commercially available research -- of what both private and state-funded broadcasters are doing in the field of international television. From our own experience in this area, we can categorically state that there is no international television broadcaster whose primary purpose is the provision of news and information about the United States. Indeed, the only American broadcaster currently engaged in regular, substantial international broadcast activities is CNN, and their programming, while quite valuable in its own right, is not comparable to WORLDNET.

We are fully aware of the activities of foreign television personnel stationed in the U.S. (there are 41 foreign TV bureaus in Washington alone,) and we have for many years maintained well-staffed offices in Washington, New York, and Los Angeles to service their needs. Our television liaison officers work closely with the representatives of these bureaus (as well as with other visiting foreign correspondents,) lining up briefings by top level USG spokespersons on an almost daily basis, and arranging tours designed to facilitate coverage of unique aspects of American life. Indeed, foreign television organizations have come to depend on the services provided by our liaison offices as an essential element in their efforts to cover the American scene.

None of this, however, is a substitute for WORLDNET. By their very nature, none of the foreign television bureaus in the U.S. can possibly provide the kind of broad, sustained, regular service that WORLDNET offers to their home offices. Moreover, while we make every effort to assist foreign correspondents and to suggest stories that we think will be of mutual interest, we ultimately have no control over what material they send back to their head organizations. WORLDNET gives us an opportunity to get the material that we want to be seen right to the key media gatekeepers around the world. Finally, reliance on foreign TV bureaus in the U.S. to inform the world about America would necessarily limit our impact to those countries -- primarily the wealthier nations of Europe and Asia -- that actually maintain bureaus here. We would be writing off the poorer, Third World countries that have no media representation in the United States.

RAPID GROWTH IN TELEVISION PROGRAMS

Q: THE TELEVISION AND FILM SERVICE PROGRAMS ARE THE FASTEST GROWING ELEMENT OF THE SALARIES AND EXPENSES ACCOUNT WITH A 45% INCREASE OVER LAST YEAR'S LEVEL. ISN'T THIS RAPID INCREASE COMING AT THE EXPENSE OF OTHER AGENCY ELEMENTS? FOR EXAMPLE, HAVEN'T FUNDS GONE TO THE INCREASES IN THE TELEVISION SERVICE WHICH OTHERWISE WOULD HAVE GONE TO KEEP POSTS OPEN?

A: It is difficult to dispute the rapidly growing scope and impact of television around the world. WORLDNET places the United States in the forefront of technological breakthroughs that are already changing the way people form opinions and nations make decisions. We would be remiss if we did not explore and develop this vital communications technology.

Throughout history, especially today, the United States has maximized the opportunities afforded it by new technologies.

USIA seeks to position the United States for continued leadership and influence through advancing our global outreach. Just as we have moved from Radio-teletype to 24-hour a day computer-to-computer communication for our Wireless File, and from the vacuum tube to the transisitor for VOA, we have moved from awkward and limited 35mm film production to modern video technologies.

The scope and impact of television can only grow as it is extended to developing nations. TV in Europe, Japan and much of Latin America has a similar importance to TV here. National controls over TV are being removed, or eroded by the growth and spread of the medium. No longer in Europe are the airwaves totally closed to multiple sources of information and entertainment.

Cable TV and videocassette recorders in the industrialized nations are growing rapidly and offering additional avenues of communication.

According to expert studies, direct broadcast satellites in the next 10 to 15 years will once again change the face of commnunication: Individuals will be able to mount a small TV or radio receiving dish no bigger than a briefcase, and possibly smaller, and receive signals from many sources directly.

What we have started has not gone unseen abroad. The BBC has begun an effort to develop their own international TV broadcast service. Most important, the Soviets have offered TV programs and satellite facilities to many nations.

WORLDNET is helping us take advantage of the vast changes in worldwide communications. As DBS comes into being and other developments occur, we will be able to keep America in the forefront. This will help protect and promote the interest of our citizenry in significant ways.

I have provided many facts and figures on the accomplishments of WORLDNET. Even against the current costs, we believe these accomplishments more than warrant the investment. But I want to urge you to take the long view -- WORLDNET is a modest but vital investment in the global communication future of the United States. This is not the time to stop WORLDNET. Overseas posts remain vital elements for USIA, and a vital link in the WORLDNET network as well, but TV is an area of much-needed growth.

VOICE OF AMERICA

Q: GIVEN BUDGETARY PROBLEMS, WOULD IT BE BETTER TO DELAY NEW RADIO CONSTRUCTION RATHER THAN MAKE EVEN DEEPER CUTS IN USIA'S OPERATING BUDGET?

A: The Agency's FY 1988 estimate of $941.9 million was essentially a hold-the-line budget. It was predicated on (1) continuing most operating programs at the reduced levels necessitated by FY 1987 cuts and (2) a construction budget that funded only on-going construction projects. No funds were requested for pending sites such as Israel. Indeed, we had deferred a request for our existing Puerto Rico project. Thus, it is troubling and very difficult to discuss a choice between further operating cuts and further delays in a multi-year VOA modernization plan that is already behind schedule.

As we detailed in our reprogramming letter to the Committee dated February 27, 1987, the operating budgets for the Voice of America and other Agency programs were severely cut in FY 1987 as a result of the overall reduction of USIA's budget request. Following these deep cuts in overseas operations, VOA broadcasts, and other programs, further decreases in the operating budget would be very harmful.

At the same time, it is critical that we continue our efforts to modernize the technical transmitting facilities of the Voice, much of which is aged and technically obsolete. The modernization effort is already about two years behind schedule as a result of delays in negotiating agreements with host governments for new or upgraded relay stations, in completing the necessary front-end worldwide engineering analyses and studies, and in providing the needed funding.

The VOA modernization is at the stage where it can move rapidly in implementation on a broad front. For the major construction projects, international agreements have been successfully completed for eight new stations. Advanced engineering and technical development work has been completed for the relay sites in Morocco, Sri Lanka, Thailand, and Puerto Rico, and is in progress for the Botswana project. In FY 1987, radio frequency subsystems and electrical power systems will be acquired, as well as architectural/engineering facility designs being contracted for new relay sites in Botswana, Morocco, Thailand, and Sri Lanka.

The modernization effort should not be suspended because total costs would go up, recent investments in sites and construction would be jeopardized, and future broadcast reliability would be threatened through deteriorating outmoded equipment. Staffing to support the overall modernization effort, which is funded from the Agency's operating budget and difficult to recruit, must reach and be maintained at previously authorized levels. Such staffing is essential to sustain the overall modernization effort and must be funded. Procurement, engineering and construction activities that are to be obligated in FY 1987 will carry well into FY 1988. However, a very modest amount of new construction funding, approximating the FY 1987 level, is needed to meet minimum new requirements for the on-going projects.

While we believe the value to the national interest of VOA modernization and USIA's operations should merit additional funding, some further operational cuts would be in order to sustain the level of modernization effort noted above. For example, within the VOA, as much as an additional 100 weekly hours of broadcasting would be cut even though such reductions taken together with the 1987 cuts, would reduce broadcasts by about one quarter of VOA's total on-air schedule and would be very damaging to VOA's mission and audience.

SHORTWAVE RADIO

Q: WHY HAVE WE INVESTED IN NEW SHORTWAVE TRANSMITTERS WHEN THE NUMBERS OF SHORTWAVE RADIOS BEING PRODUCED APPEARS TO BE DECLINING? ISN'T SHORTWAVE BECOMING AN OBSOLETE TECHNOLOGY?

A: Based on evidence we have seen, we do not believe that shortwave is becoming an obsolete technology, nor is there a decline in the number of radios being produced with shortwave reception capability.

During 1986 a thorough worldwide survey and projection to the year 2000 was made of the current and projected availability of radio receivers of all types. This survey included an assessment of the number of existing radio receivers and the expected number of new receivers to be manufactured until 2000.

As of 1985, the estimated number of receivers with shortwave reception capability in areas where the VOA broadcasts (not U.S. or Canada) was 520 million. The percentage of existing receivers with shortwave reception capability ranged by region from 87 percent in Eastern Europe to 29 percent in Western Europe. All other VOA broadcast regions (i.e., Africa, Middle East, Asia, South America, etc.) exhibited percentages between 59 and 73 percent. Projections based on demographic information, and various data collected during the survey, indicate little change in these percentages by 1990 and, as best as can be predicted, no significant change in the percentages for 2000.

The estimate of receiver sets manufactured during 1985 with shortwave reception capability in VOA broadcast regions (excluding the U.S. and Canada) was between 50 and 60 million. This can be interpreted, based on what was noted in the previous paragraph, as a constant percentage replacement market based on the overall number of radio receivers purchased in a region.

Answers to Additional Questions dated 3/24/87, from Senate Foreign Relations Committee, regarding IBC Contracts

In response to a request from the Secretary of State, the Office of the Inspector General (OIG) is examining the Department's contracts with International Business Communications (IBC) and its principals. The examination is focusing primarily on the following issues: need for the contracts, procurement and contracting practices followed, contractor performance, and lobbying activities. The examination does not address IBC's involvement in other activities beyond its contracts with the Department. As you are aware, these activities are the subject of a separate investigation by Special Counsel Walsh. IBC's lawyer and Frank Gomez have informed the OIG staff that, because of that investigation, their discussions must be restricted to the contracts with the Department.

The fieldwork portion of the IG's examination is substantially completed. The staff have interviewed IBC personnel, current and past principals of the Office of Public Diplomacy for Latin America and the Caribbean (LPD), and officials in various support organizations such as procurement. The staff have obtained and examined documentation from various Department components as well as IBC and IBC's Legal Counsel and accounting firm. The IG expects to complete a report, to the Secretary, on the results of the examination in June 1987. As the Secretary has indicated, the IG's report will be made available to interested members of the Congress.

1. The contracting files relating to Department contracts and purchase orders with IBC or its principals are relevant to this series of questions regarding the process by which the contracts and purchase orders were entered. Because the files are voluminous, we are providing copies to the Committee under separate cover. Additionally, files from the program office regarding these contracts can be made available for review by the Committee. (The two most recent and largest of the contracts were previously made available to Senator Kerry under cover of a letter from Mr. Fox, dated January 29, 1987.)

   The procedures by which these contracts were issued are being examined by the IG and he will be happy to share with the Committee the results of his examination, which is currently estimated to be completed in June 1987. Similarly, these issues are also being examined, with the full cooperation of the Department, by the General Accounting Office, at the request of the House Government Operations Subcommittee. The House Foreign Affairs Committee staff also conducted a preliminary inquiry with the full cooperation of the Department.

   Regarding this and the subsequent questions you have posed, our inability to provide you with definitive answers concerning matters currently under examination should not be interpreted as an indication that improper activities were involved in the performance of these contracts and purchase orders. Rather, in light of the serious charges that have been made, we have determined to wait until all of the facts are known before drawing conclusions. We can assure you, however, that if the examination reveals that any improper activities occurred, the Department will take appropriate remedial action promptly.

2. The program office files, which contain some documentation of IBC's performance under contract with the Department, can, as noted above, be made available for the Committee's review. IBC's performance under the contracts and purchase orders is also being examined by the IG and the Committee will be provided with the results of that examination.

3. Documents regarding the classification of the 1985-1986 contract as "SECRET" are contained in the contracting files being provided under separate cover. The classification of that contract is another of the issues that has been called to the IG's attention. The contractwas declassified on January 28, 1987. (The date written on the contract was mistakenly identified as January 28, 1986.) A copy of this contract was requested by Senator Kerry in December of 1986. In responding to the Senator's request, it was determined that the contract could be declassified.

4. As noted in response to your first question, the circumstances surrounding the awarding of these contracts and purchase orders are among the issues being examined by the IG's office and the Committee will be provided with the results of that examination. The contracting files with which the Committee will be provided also contain documentation regarding the process by which the contracts and purchase orders were awarded to IBC and Mr. Gomez.

5. We have attempted to identify all contracts and purchase orders between the Department and IBC or its principals Mr. Gomez and Mr. Miller. We are providing under separate cover copies of all such contracts and purchase orders identified to date.

6. The Department did not monitor other business being done by IBC, Mr. Gomez or Mr. Miller during the period of their contracts and purchase orders with the Department. Beyond general references to IBC activities contained in the contracting files being provided under separate cover and the program office files which can be made available for the Committee's review, we currently have no information regarding Department or Department officials' knowledge of activities by IBC or its principals outside the Department's contracts. To the extent this issue is germane to the IG's examination more information may be available when the examination is completed.

7. Documents contained in the contracting files being provided under separate cover are relevant to your seventh set of questions. The procedures followed in issuing these contracts are also being examined by the IG. No payment was made to IBC for work performed between October 1, 1985 and September 2, 1986 (the date on which the contract was signed) until after the contract was signed.

8. We currently have no information as to the extent of any contacts that may have existed between IBC personnel and the NSC staff.

9. The purposes for which the IBC contracts were let are set forth in the statement of work of each of the contracts. For example, the purposes of the 1985-1986 contract appear on pages C1 and 2 of the contract which are attached hereto for ease of reference.

The authorized purposes of IBC's contracts with the Department did not include publicity or propaganda designed to support or defeat legislation pending before Congress, or to influence in any way the outcome of a political election. IBC's performance under those contracts is being examined by the IG. As noted above, we will share with the Committee the results of that examination when it has been completed. At this time, we have no evidence that Department funds were used for the purposes indicated in the question.

10. The computerized records of the Department's central procurement division provide no information concerning contractual arrangements between Mr. Flores and other clients he or IBC may have had, and we are not at this time aware of any knowledge of such relationships on the part of Department officials.

11. The computer records of the Department's central procurement division reveal no contracts awarded to Rafael E. Flores or the International Youth Commission. Payment would not have been made to Mr. Flores by the Department's Office of Finance if a contract had not been awarded in his name. However, a review of the procurement division's contract files with IBC indicates that Mr. Flores performed as one of the firm's key personnel under its most recent contract. Payment by the Department is made directly to the contractor, not to its key personnel. Also, there is no method, other than an in-depth search of the entire file of each and every contract and purchase order awarded by the Department's central procurement division, by which to determine if Mr. Flores in his capacity as key personnel may have received payment as the result of a Department of State contract with any other individual organization. The IG will examine this issue insofar as it concerns payments to Mr. Flores under the IBC contract.

12. The Department is aware of the allegations that have been made regarding IBC's reported involvement in providing assistance to the contras, but has no information in its records which would confirm these allegations. The IG will be examining the issue to the extent that it is relevant to the question of IBC's performance under its contracts with the Department.

DESCRIPTION/SPECIFICATIONS/WORK STATEMENT

I. The Contractor shall provide the following in performance of this contract:

A. PUBLIC DIPLOMACY EFFORTS:

(1) Provide advice and assistance for programs for Central American representatives of civic, labor, business and humanitarian groups during visits to Washington and other locations within the United States.

(2) Provide contact with Central American refugee groups and exiles in Washington and elsewhere in the United States that will include arranging media events, interviews and public appearances.

(3) Translate articles on Latin America and the Caribbean and make them available for distribution to U.S. news organizations and public interest groups.

(4) Provide points of contact for public interest groups seeking to interview exiles, refugees, or other visitors.

(5) Coordinate and, as appropriate, accompany media visits to Central America.

(6) Provide source materials relating to the regional conflicts to persons designated by S/LPD.

(7) Provide and present, in writing and orally, factual material on security considerations, refugee problems and political dynamics of the region to individuals designated by S/LPD.

(8) Edit briefing and other materials for use by S/LPD.

(9) Conduct special studies and projects for use by S/LPD.

B. Distribution Services

(1) Design and organize a distribution system.

(2) Direct the operation of this distribution system, including:

  (a) Development of specialized, segmented addressee lists of persons and organizations which have solicited materials or information on Latin America and the Caribbean.

  (b) Computerization, coding, maintenance and updating of lists.

  (c) Retrieval, storage, mailing, and shipping of individual and bulk packets of publications

  (d) Maintenance and control of inventory and reserve stocks of materials.

  (e) Distribution of materials.

  (f) Coordinate with FAIM/PS publication production

  (g) Conduct systematic evaluations of the system.

II. CONTROL/MONITORING:

A. The Office of the Coordinator for Public Diplomacy for Latin America and the Caribbean (S/LPD) will control the number of franked envelopes provided to the Contractor and reserves the right to require, without notice, an inventory of stock usage and envelopes on hand at the Contractor's premises. All franked materials not used will be returned to S/LPD upon demand.

B. S/LPD shall perform spot checks on meetings and arrangements organized by the Contractor.

C. Media coverage, such as newspaper and periodical clippings and discussions with journalists and other members of organizations with whom the Contractor is expected to make arrangements, will be used as a means of monitoring the Contractor's performance.

D. Addressee lists will be seeded with names unknown to the Contractor and will serve as check names to ascertain performance of the distribution services.

RESPONSES OF USIA AND BIB TO QUESTIONS ASKED BY SENATOR PELL

ENVIRONMENTAL EXCHANGES

Q: IN 1983 CONGRESS ENACTED THE INTERNATIONAL ENVIRONMENT PROTECTION ACT WHICH, AMONG OTHER THINGS, ESTABLISHES A USIA PROGRAM OF ENVIRONMENTAL EXCHANGES. WHAT IS THE LEVEL OF FUNDING FOR THIS PROGRAM? WHAT IS USIA DOING TO IMPLEMENT ITS ROLE IN THE BIOLOGICAL DIVERSITY PROGRAM?

A: USIA has for years exchanged individuals engaged in environmental protection or environmental studies. E Bureau funding of environmental exchanges for FY 86 was approximately the same as that of FY 85 (approximately $2.8 million). In addition, approximately 430 non-sponsored students participated in Bureau-supported short-term enrichment activities which touched on environmental issues. We have sustained such a level of programming in FY 87 because the issue has become integrated into Bureau/field planning.

ACADEMIC FREEDOM

Q: USIA AND THE BOARD OF FOREIGN SCHOLARSHIPS RECENTLY SHARPLY CENSURED A U.S. FULBRIGHT PROFESSOR WHO PARTICIPATED IN A DEMONSTRATION IN ZIMBABWE AGAINST U.S. POLICY. THIS INCIDENT RAISES QUESTIONS REGARDING THE FUNDAMENTAL RIGHTS OF FULBRIGHT PARTICIPANTS. DOES USIA BELIEVE FULBRIGHT PARTICIPANTS SHOULD REFRAIN FROM CRITICISM OF U.S. GOVERNMENT POLICY?

A: USIA and the Board of Foreign Scholarships obviously neither expect nor wish Fulbright participants to relinquish their rights as citizens while holding a Fulbright award. They do expect that Fulbright participants will exercise discretion and judgment in their actions, public and private, and that they will protect the nonpolitical character of the Fulbright Program during their grants. Fulbright awards, which are signed by the grantee, contain a statement setting forth the rights and responsibilities of Fulbright grantees.

The incident in question involved a recent U.S. Fulbright professor who played an active role in planning and leading a political demonstration in Zimbabwe, culminating in the breaching of the walls of the American Embassy and the seizing and burning of the American flag. While the event took place shortly after the programmatic portion of the grant had expired, the individual, who had not yet exercised the return travel portion of the grant, was still widely perceived in Zimbabwe as a Fulbright scholar. The Fulbright Program was therefore identified with the demonstration through the very active participation of the grantee.

ADEQUACY OF STIPENDS

Q: CONCERNS CONTINUE TO BE EXPRESSED REGARDING THE ADEQUACY OF FULBRIGHT STIPENDS, PARTICULARLY FOR U.S. LECTURERS GOING ABROAD. WHAT STEPS CAN BE TAKEN TO INCREASE STIPENDS TO ENSURE THAT THE HIGHEST QUALITY PEOPLE ARE ATTRACTED TO THE PROGRAM?

A: Stipend levels for countries with Binational Commissions are set by the Commission; for non-Commission countries they are reviewed annually by the Agency in consultation with the post and adjusted as appropriate and as resources are available. In both instances, officials have been grappling with the problem of generally increasing costs in a time of budget stringency. The Agency is aware that stipend levels can be important in attracting high quality participants to the program. Recognizing the realities of reduced resources, we have on occasion chosen to award fewer grants, rather than maintaining numbers with reduced and less attractive stipend levels. Commissions and posts also seek means of cost-sharing on a case by case basis.

POST CLOSINGS

Q: WHAT POSTS ARE CURRENTLY PROPOSED FOR CLOSING? WHAT POSTS WOULD BE CLOSED IF YOUR BUDGET WERE FROZEN AT THE FY 1987 LEVEL?

A: As a result of the 1987 budget reductions, the Agency has closed eight posts and four cultural centers as follows:

1. Posts -- Country programs in Beirut, Lebanon, and Nouakchott, Mauritania; branch posts in Kano, Nigeria; Zanzibar, Tanzania; St. George's, Grenada; Guayaquil, Ecuador; Antwerp, Belgium; and Trieste, Italy.
2. Other -- Distribution Centers in Bremen, Germany and Bilbao, Spain; the Regional Library Outreach Center in Paris, France; and the American Center in Stockholm, Sweden.

If the Salaries and Expenses account were frozen at the 1987 level, domestic and overseas inflation, pay and retirement changes, exchange rate losses, and other built-in costs would force us to cut an additional 10 percent below the reduced program levels effected in 1987. Following the 1987 budget reductions, this would be a particularly harmful cut that would adversely affect all Agency activities.

We would try to protect our field programs and make a somewhat heavier cut in other Agency activities, as we did in applying the 1987 budget cut. However, further reductions in field programs would be unavoidable if we are to maintain any reasonable balance among our programs. In such a budget reduction, we estimate that in all probability some 12-18 additional posts and cultural centers would have to be closed. While many factors would have to be weighed before the details of such a cut could be determined, the following posts and libraries would be candidates for closing: some of the branch posts in Brazil; six country programs in Africa; several branch posts and libraries in Europe, Australia, and North Africa and the Near East.

COST OF ADDING VOA PROGRAMMING TO THE RADIO MARTI PROGRAM

Q: HOW MUCH WOULD IT COST THE AGENCY TO ADD 5 1/2 HOURS A DAY OF REGULAR VOA PROGRAMMING TO THE PROGRAMMING CURRENTLY BEING CARRIED BY THE RADIO MARTI SERVICE?

A: Radio Marti is on the air 17 1/2 hours per day. To add 5 1/2 hours of regular VOA programming seven days a week would require two more board operators and two more production assistants, for a total personnel cost of $119,000 per year. It will be necessary to allow at least one early morning shift for preventive maintenance on the directional antenna system. Based on a six day week the cost for electrical power and transmitter tubes at Marathon Relay Station will be approximately $23,646.48 per year.

TELEVISION AND FILM SERVICE
Estimated Requirements - FY 1988
(In thousands)

Q: PLEASE PROVIDE A BREAKDOWN OF THE BUDGET FOR THE TELEVISION SERVICE, INCLUDING: TOTAL WORLDNET COSTS; COST OF SATELLITE FEEDS BY REGION, COST OF INTERACTIVE PROGRAMMING, AND COST OF PASSIVE PROGRAMMING. WE WOULD ALSO APPRECIATE A BREAKDOWN FOR THE REST OF YOUR TELEVISION BUDGET: CO-OPS, ACQUISITIONS, ORIGINAL PRODUCTIONS, ETC.

A: The following is a summary of the estimated requirements for USIA Television and Film Service for FY 1988.

	WORLDNET Costs	Other TV, Film	Total Costs
Salaries	$ 7,703	$ 8,403	$ 16,106
TV Satellite File	--	203	203
WORLDNET (Non-Salary (Costs)			
Transmissions	10,698	--	10,698
Production Costs	7,539	--	7,539
Other	3,994	--	3,994
Sub-total, WORLDNET	22,231	--	22,231
General Thematic	--	273	273
Special Events	--	281	281
Media Resources	--	145	145
Language Versions	--	394	394
MIP	--	41	41
Program Services	--	159	159
Video Library	--	226	226
Office of Facilities	1,885	1,118	3,003

	WORLDNET Costs	Other TV, Film	Total Costs
TV Engineering	---	219	219
Production Services, Supplies and Program Support	---	162	162
Travel	---	547	547
Total	31,819	12,171	43,990

It should be noted that Co-ops are included in the Special Events line item; acquisitions in Media Resources; and other original productions in General Thematic, TV Satellite File, and WORLDNET.

USIA was able to negotiate a very favorable contractural arrangement for delivery of the WORLDNET feeds. This arrangement permits us to broadcast to a total of 86 sites in Europe (excluding the Eastern Bloc locations), Africa, and the Near East and South Asia. Since there is one set annual fee for these transmissions, it would not be meaningful to attempt to separate these satellite costs by passive and interactive programming.

A summary of WORLDNET requirements, including production and technical staff costs, is attached. We wish to emphasize, however, that since many staff positions and equipment purchases service other programs in addition to WORLDNET certain arbitrary decisions had to be made in calculating these numbers. These figures, therefore, represent a rough approximation of the portion of the USIA/TV budget attributable to WORLDNET.

TELEVISION AND FILM SERVICE
WORLDNET
Fiscal Year 1988 Requirements

	EUROPE	AMERICAN REPUBLICS	EAST ASIA	AD HOC INTERACTIVES	AFRICA	SOUTHEAST ASIA	TOTAL
Transmissions............	5,070,000	2,570,000	1,745,983	189,000	605,000	517,500	10,697,483
Equipment to Posts.......	330,000	125,000	575,000	0	250,000	250,000	1,530,000
Production Costs:							
Acquired Programs......	500,000	519,490	208,000	0	104,000	0	1,331,490
Interactives...........	368,000	533,200	464,000	21,000	109,200	395,500	1,890,900
America Today..........	1,871,816	400,000	90,000	0	67,200	0	2,429,016
Almanac................	240,000	0	0	0	0	0	240,000
Arts America...........	175,000	0	0	0	0	0	175,000
CINE	10,000	0	0	0	0	0	10,000
Other Specials.........	200,000	519,490	208,000	0	104,000	0	1,031,490
Educational/Cultural...	253,600	0	0	0	0	0	253,600
Misc. Expenses.........	85,840	50,044	10,000	0	6,813	25,000	177,697
Subtotal, Production...	3,704,256	2,022,224	980,000	21,000	391,213	420,500	7,539,193
TVROs....................	0	0	0	0	200,000	200,000	400,000
TVRO Maintenance.........	88,000	76,000	78,000	0	0	0	242,000
Assistance to Posts......	0	0	351,000	0	57,500	125,000	533,500
Computerized Newsroom....	500,000	0	0	0	0	0	500,000
Price Increase...........	423,115	313,601	31,144	20,686	0	0	788,546
Total, Program Costs..	10,115,371	5,106,825	3,761,127	230,686	1,503,713	1,513,000	22,230,722
Salaries................. (Positions)..............	2,122,508 (62)	855,850 (25)	448,669 (15)	136,985 (4)	185,000 (10)	125,800 (4)	3,874,812 (120)
Total Distributed Costs	12,237,879	5,962,675	4,209,796	367,671	1,688,713	1,638,800	26,105,534
Total Undistributed Costs (Technical Support Salaries & Equipment).							5,713,075
GRAND TOTAL............							31,818,609

RESPONSES OF HON. ALAN L. KEYES TO QUESTIONS ASKED BY SENATOR PRESSLER

Question:

I applaud the steps that the United Nations has taken towards reform of its operations, and compliment Ambassador Walters and Assistant Secretary Keyes on their diplomacy. However, I think it is clear that the modifications in the budget process do not satisfy the terms of the Kassebaum Amendment which calls essentially for weighted voting on matters of budgetary consequence. As I understand it, the revamped Committee on Program and Coordination, even it if achieves "consensus" on a budget, will still pass the budget on to the Fifth Committee of the General Assembly, which in turn will pass it on to the plenary of the General Assembly. In both of these fora, the U.S. is an embattled minority, and could easily be outvoted on any budget item. What makes you think that the small states that are primarily responsible for the soaring UN budget will not use their voting power to overrule the U.S. on budgetary issues?

Answer:

The United Nations General Assembly is not bound to observe budgetary and administrative rules adopted by consensus. However, we believe that as a result of what we have achieved, member states, through good faith negotiation, will now act by consensus on important program budget issues that previously proved so divisive. A consensus agreement forged among the 21 member states of the Committee for Program and Coordination, drawn from all groups of member states, will represent not only a paper proposal, but a political coalition pledged to sustain their consensus in discussions with other members of their groups in the organization. Were this new process to break down, the basis for renewed confidence in the organization, particularly among the major contributors, would be shattered. We believe all members understand that such a breakdown would put us all back where we started, in a situation unacceptable to all and dangerous to the future of the United Nations.

Question:

I think you will agree that the primary impetus for the UN reform movement was congressionally mandated cuts in the UN budget. Yet now, many are saying that the U.S. must make its full contribution, or risk "losing our influence". Given the fact that many of the most influential UN member states, such as Algeria and India, contribute only small amounts to the UN, and given the fact that the U.S. lost the most influence in the 1970's, when we paid in full ever-rising UN assessments, do you agree that there is a direct correlation between money and influence?

Answer:

The primary concern of the Congress in enacting the Kassebaum-Solomon Amendment was to address the fundamental disequilibrium between the size of contributions by member states and their influnece on the UN budgetary process. The UN's scale of assessments, based on capacity to pay and including additional hardship allowances, has a built-in lack of fiscal restraint for the great majority of members. This in turn fosters fiscal irresponsibility in the basic budget decision making procedures. Thus, an overwhelming majority of UN members contribute little to the budget, which leaves them with little direct incentive to take a serious interest in making realistic and responsible budget decisions.

The consensus based budgeting system that has now been adopted in the General Assembly redresses that balance and assures that budgetary decisions cannot be made in simple disregard of the view of the major donor states. This process has the effect of reducing the ability of the numerical majority to dictate decisions about the size and use of UN resources. If the resort to majority power cannot simply be assumed, real compromise becomes essential. Trade-offs must be achieved between minority and majority viewpoints, involving the exchange and modification of tangible interests. Cosmetic gestures, intended mainly to camouflage minority capitulation no longer suffice. Where the minority achieves a reasonable degree of cohesion, the result is a more balanced political dialogue, in which both the majority and the individuals composing the minority are compelled to act more responsibly. That is why the reformed program budget decision-making process is so significant. Decisions taken on a consensus basis regarding spending matters in the CPC, which we expect to be respected by the Fifth Committee and the General Assembly, will have the effect of reducing the ability of the numerical majority to dictate decisions about the size and use of UN resources.

Failure to make good on our success in the UN reform negotiations would put to waste six years of concerted effort by this Administration and the Congress. Our position in New York would be seriously compromised as we seek to assure effective implementation of the reforms enacted by the 41st UNGA. That implementation will require good faith efforts on the part of the Secretariat and other member states. It will also require renewed consistency in the financial support provided to the Organization, commensurate with the results achieved through the reformed program budgeting process.

Question:

I praise the UN Secretary-General, Mr. Perez de Cuellar, for his redeployment of some Assistant and Under Secretaries General. However, there are still some 40 Assistant and Under Secretaries General, all of whom seem to make more than the U.S. Secretary of State. When will some of these posts actually be eliminated?

Answer:

The General Assembly's resolution on reform (41/213) called for the elimination of 25% of the posts for Under Secretary General and Assistant Secretary General within three years. Nine of the budgeted posts have been left unfilled--good progress toward the target of 15 mandated by the General Assembly. On May 1 the Secretary General will submit a report to the General

Assembly on the progress he has made in implementing the recommendations and his plans for implementing those remaining. We expect to have more information then.

Question:

I note that the UN budget annex, which details actual appropriations made by the UN, that $136,800 was made available to the African National Congress. Does the UN Secretariat now directly fund terrorist organizations?

Answer:

The African National Congress (ANC) is a politically diverse organization representing a range of views. As the oldest African nationalist movement in South Africa, it is one of several organizations with substantial political support in South Africa. We do not regard the ANC as a terrorist organization, although we have condemned its advocacy of violence, as we have all violence in southern Africa, whatever its source or target. We are also concerned about the large number, and the influence, of communists in the ANC. The close involvement of the movement with the Soviet Union raises many questions.

While we have strong differences with the ANC in several areas we believe it is one of several political groups that must be reckoned with as South Africa enters into negotiations to decide its future.

Question: I understand that a number of our European allies are extremely concerned about the management and operations of the UN Food and Agriculture Organization. Does the U.S. share these concerns, and what steps have we taken to prevent the development of another UNESCO-type situation?

Answer: The USG continually reviews the activities of all the international organizations to which we belong including FAO. While there is certainly room for FAO to improve, we have found no instance of malfeasance or corruption. We will continue to seek constructive change in the organization, to be alert for any evidence of mismanagement, and to assure that the FAO, like other UN organizations, proceeds with program budget reform.

Question 6:

It is my impression that the U.S. has lost many positions in the UN Secretariat (e.g. the U.S., by year's end, and will have no high-ranking official in the Office of the Secretary General, and has lost positions in other key UN posts, such as the Office of General Services). What measures are being taken to place qualified Americans in the UN Secretariat?

Answer:

There is currently a hiring freeze in the UN Secretariat. The Department is making every effort to replace departing Americans with other Americans when those jobs are to be retained. But a number of the senior jobs will be abolished as the incumbent departs. There are 9 Assistant Secretary General positions that either have been abolished, left vacant, or whose duties have been assumed by others. More cuts at the ASG and Director levels are expected. The abolishing of senior positions is a part of the U.S. initiated UN reform.

In the Secretary General's Executive Office there are currently 42 employees of which 8 are Americans, or 19 percent. Those 8 positions are broken down as follows:

Professional	General Service
D-2 (1)	G-5 (1)
P-5 (1)	G-4 (2)
P-4 (1)	G-3 (1)
P-2 (1)	

As other senior jobs, now held by Americans, become vacant we expect to fill them with other Americans. Ambassador Joseph Reed, for example, will replace Ambassador Buffum in May 1987. The senior American position in the Secretary General's Office, currently held by James Sutterlin, is a D-2. When Mr. Sutterlin leaves that position, at some future date, it is most likely that he will be replaced by another American.

Question

At last count, the Cuban Mission to the United Nations had roughly 45 individuals on its diplomatic list. This is close to the size of Missions of countries like the UK and France, which, as permanent members of the Security Council, are much more involved in the work of the UN. Does this disturb you, and should the U.S. take action to reduce the size of this installation?

Answer

We have been reviewing this matter. In light of the results of our investigation, we will consider taking whatever measures are deemed appropriate.

Q.8. I was shocked to read that the United Nations was accused of censoring a report on human rights in Afghanistan--accused by the author of the report, the widely respected Austrian jurist, Professor Ermacora. Could you explain why this occurred, and what steps have been taken to prevent this sort of event from occurring again?

A. Allegations of censorship of Professor Ermacora's report by the United Nations are false. These allegations arose from budget-cutting efforts by the UN Secretariat in 1986. This was not a political but an economic decision.

The UN had undertaken to reduce budgetary costs by cutting back on the length of UN reports and the costs of translation services. All the reports presented to the UN General Assembly in 1986 by the special rapporteurs of the UN Human Rights Commission were distributed in two parts. The first, consisting of background, conclusions and recommendations, were translated into all six official languages. The second, consisting of the evidentiary material, last year was made available only in the language of origin. Thus, Dr. Ermacora's supplementary material was solely reproduced in English.

The Department of State believes that Dr. Ermacora's report deserves the widest possible publicity. With this in mind, the United States joined with other members of the Third Committee of the General Assembly in a consensus approval of a decision calling upon the Secretary-General to publish all future reports of the UN Human Rights Commission and its Subcommission in their entirety and in all six official languages.

The United States views this study as valuable evidence vividly underscoring the brutality of Soviet and regime violations of human rights in Afghanistan. Ermacora's report, faithfully reproduced, documents the extensive casualties and loss of life suffered by the Afghan people.

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